Analysis of a Las Vegas Events Center

Presented to:

LAS VEGAS EVENTS CENTER TASK FORCE

The Las Vegas Events Center Task Force

Presented by:

SPORTS & LEISURE

HOK SPORT

November 27, 2006

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Mr. Pat Christenson
Chairman
Las Vegas Events Center Task Force
770 East Warm Springs Road, Suite 140
Las Vegas, Nevada 89119

Dear Mr. Christenson:

We have completed a report of our analysis related to a new Las Vegas Events Center. The attached report summarizes the study's research and analyses, and is intended to assist the Las Vegas Events Center Task Force ("the Task Force") in evaluating the viability of the proposed Events Center and other potential facility development scenarios in Las Vegas, and should not be used for any other purposes.

The information contained in this report is based on estimates, assumptions and other information developed from research of the market, knowledge of the public assembly facility industry and other factors, including certain information you have provided. All information provided to us by others was not audited or verified and was assumed to be correct. Because procedures were limited, we express no opinion or assurances of any kind on the achievability of any projected information contained herein and this report should not be relied upon for that purpose. Furthermore, there will be differences between projected and actual results. This is because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

We sincerely appreciate the opportunity to assist you with this project, and would be pleased to be of further assistance in the interpretation and application of the study's findings.

Very truly yours,

CSL International

CSL International

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Executive Summary

The Las Vegas market is renowned as one of the world's top entertainment and tourism destinations. In recent years, this reputation has grown as the Las Vegas tourism industry has expanded its entertainment offerings to appeal to a wider range of tourist demographics. The addition of several new arenas, theaters and other entertainment venues has provided the market with new entertainment options for tourists and residents of all ages, which has played a key role in the steady growth in annual visitation to the Las Vegas market over the past several years.

In addition to the expansion of the market's tourism industry, the resident population of the Las Vegas market has also grown rapidly in recent years. The population of Clark County has grown from approximately 741,000 in 1990 to 1.8 million in 2005. This strong population growth is expected to continue in future years, with the County's population projected to nearly double to 3.5 million by 2035.

In order to ensure that the Las Vegas market is able to meet the demands of its growing population and tourism base from a sports and entertainment standpoint, the Las Vegas Events Center Task Force ("Task Force") was formed to evaluate the current and potential future facility needs of the market. The University of Nevada-Las Vegas's ("UNLV") Thomas and Mack Center ("TMC") and Sam Boyd Stadium ("SBS") represent the largest indoor and outdoor sports and entertainment venues in the market, respectively. The TMC, which opened in 1983, accommodates a variety of major events, but lacks many of the amenities associated with more modern arenas. Sam Boyd Stadium opened in 1971 and was extensively renovated in 1998. Both venues are the home of various UNLV athletic programs and are owned and operated by the University.

The Task Force is evaluating a variety of potential facility development options to address the Las Vegas market's sports and entertainment needs. The Task Force retained the team of Conventions, Sports & Leisure International ("CSL"), HOK Sport + Venue + Event ("HOK"), Hobbs, Ong & Associates ("Hobbs Ong") and International Facilities Group ("IFG"), collectively referred to as the "Project Team", to conduct a variety of research and analyses related to these potential facility developments. In addition to the firms comprising the Project Team, representatives of UNLV provided services related to the development of the economic impact analysis presented herein. The scope of the analyses completed by the Project Team included the following key tasks:

- Reviewed the historical operations of the TMC and SBS, including event and attendance levels, financial operations and other key operational characteristics;
- Analyzed the key demographic and socioeconomic characteristics of the Las Vegas market, as well as the current and potential future inventory of sports and entertainment venues in the market;

- Collected and analyzed information pertaining to industry trends and standards, including characteristics of recent arena development projects, operating information related to the National Basketball Association (NBA) and the National Hockey League (NHL) and other such information;
- Interviewed existing users of the TMC and SBS and other potential users of a new Events Center, including concert and other event promoters, sports leagues and other users;
- Conducted surveys of Las Vegas area corporations, residents and visitors to assess potential interest in purchasing seating and attending events at a new Events Center;
- Developed estimates related to potential annual event and attendance levels that could be achieved by a renovated TMC and SBS, as well as a new Events Center in Las Vegas;
- Developed a financial model based on the estimated levels of utilization and patron spending derived from the previous tasks and other information pertaining to the Las Vegas market;
- Estimated the existing economic and fiscal impacts generated by the operations of the TMC and SBS, as well as the impacts that could result from the development of a new Events Center in Las Vegas;
- Evaluated several potential Events Center sites; and,
- Identified potential sources of funding for a new Events Center and evaluated the potential funding capacity of those sources.

The following summary focuses on the key findings and recommendations based on the research conducted, and is presented to the Task Force in order to assist in making informed decisions with regard to potential event center development options. As this section is only a summary of the study's findings, the full report should be read in its entirety to ensure that all study methods, assumptions and analyses are considered.

- **The TMC has generally accommodated the market, but the design, condition and location of the venue will not enable it to continue to accommodate the potential markets (major impact events, concerts, family shows, sporting events).**
  - The TMC does not control an adequate inventory of parking spaces to be able to accommodate events with attendance larger than approximately 13,000 people. For larger events, the lack of parking creates a negative overall fan experience, impacting the attractiveness of the facility for events in the future. With the University's continued growth, the current inventory of parking controlled by the TMC will continue to dwindle below existing levels, unless structured parking is developed in close proximity to the TMC.
  - The TMC's location results in significant traffic congestion before and after events, particularly for larger events, resulting in a negative fan experience overall.

- The TMC's use as the primary indoor UNLV athletic facility results in scheduling conflicts when competing for other, non-University events such as concerts, family shows and other events that generate significant revenues for the facility.
- The TMC lacks many of the amenities commonly associated with newer NBA, NHL and large municipal arenas, including:
  - The TMC offers only 30 suites at present, compared to 50 or more at comparable NBA, NHL and other large municipal arenas. This factor limits the revenue generating capability of the facility, making it highly unlikely to be able to attract an NBA or NHL tenant in the future.
  - Newer facilities also offer a wider variety of premium seating options, including club seating and loge boxes that are not available at the TMC. Based on the results of the surveys conducted as part of this analysis, there appears to be strong demand for such amenities in the Las Vegas market.
- The TMC is approximately half the square footage of newer NBA facilities, limiting storage and event production spaces, and also impacting patron accessibility.
- The TMC's current rigging capacity of 39,000 pounds is significantly less than the industry standard of approximately 150,000 pounds, impacting the venue's ability to attract major touring events with large stage and sound equipment set-ups.
- The current seating configuration of the TMC does not meet current ADA requirements. Any potential renovation would need to accommodate these requirements to current standards.
- With only one concourse, the number of concession points of sale, restrooms and other fan amenities is significantly limited. This impacts both the overall fan experience as well as the revenue generating potential of the facility.
- While a renovation plan could be developed to address some of these issues, such a project would likely require a significant investment (potentially $125 to $150 million), and would have significant impacts on the facility, including the likelihood of requiring the facility to be closed during some portion of the renovation project. In addition, even with a major renovation, it is considered unlikely that an NBA or NHL tenant could be attracted to a renovated venue.

- **The Las Vegas market is a growing market that is comparable to other markets in the country that currently host an NBA or NHL franchise**

    - The market provides both unique advantages and disadvantages unlike most other professional sports markets.

    - Overall, the Las Vegas area's demographic characteristics are generally comparable to those of many NBA-only and NHL-only markets currently hosting recently built arenas.

Summary of Comparative Market Demographics

Demographic Variable	Las Vegas	Rank (1)	Market Average	Market High	Market Low
			Comparable NBA Arena Markets		
Current CBSA Population	**1,816,000**	5	2,618,000	5,240,000	1,256,000
10-Year CBSA Population	**2,652,000**	3	2,926,000	6,247,000	1,343,000
Current Media Market Population	**1,709,000**	9	2,963,000	5,557,000	1,763,000
Median Age	**34.8**	T-4	35.1	38.8	32.8
Median HH EBI	**$49,300**	5	$48,100	$53,500	$40,700
Corporate Inventory	**2,260**	7	3,940	7,590	2,040
			Comparable NHL Arena Markets		
Current CBSA Population	**1,816,000**	5	2,502,000	5,379,000	922,000
10-Year CBSA Population	**2,652,000**	5	2,896,000	6,207,000	1,127,000
Current Media Market Population	**1,709,000**	8	3,225,000	4,464,000	1,637,000
Median Age	**34.8**	T-3	36.6	40.6	33.3
Median HH EBI	**$49,300**	5	$50,400	$62,400	$42,900
Corporate Inventory	**2,260**	8	3,730	5,630	1,810

(1) Rankings are of nine comparable NBA arena markets and nine comparable NHL arena markets. Median age is ranked from youngest to oldest.
Source: Claritas, Inc.; Dun and Bradstreet.

    - The Las Vegas metropolitan area is anticipated to experience significant population growth over the next several years, with current population projected to nearly double by 2035. Within the next 10 years, the population of the Las Vegas market is projected to draw significantly closer to the average population among comparable arena markets.

    - The median age of Las Vegas-area residents is more than one year younger than the national average, with a relatively high percentage of the population in the 25 to 44 age group, which is generally considered to be the primary market for sports and entertainment events.

    - The median household income in the Las Vegas market area is higher than the majority of comparable municipal arena markets, and falls well within the range of existing NHL and NBA markets with recently built facilities.

    - The presence of a younger, affluent population in the Las Vegas area could make it a strong market for club seating and other upscale amenities that could be incorporated into a new Events Center.

    - The corporate inventory of the Las Vegas market area is also relatively strong compared to other municipal arena markets, and is within the range of NHL and NBA markets with arenas opened since 1995.

- Nearly 30 percent of Las Vegas' employment base is derived from the leisure and hospitality industry, compared to less than 10 percent of the national workforce. This could have a negative impact on the ability of many residents to attend NBA or NHL games at the new Events Center, as a relatively high proportion of the workforce is likely to be working during weekday evenings and weekends when games take place. In markets with more traditional workforce characteristics, the majority of the workforce is available to attend games at these times.
- Key tourism indicators, such as hotel occupancy, gaming revenues and airline passengers, have demonstrated steady growth over the past several years. In addition, major investments are being made in hotel and condominium development in the Las Vegas market, an indication that the strong growth of the area is anticipated to continue in future years.

- **The Las Vegas market is potentially capable of supporting a new arena and a professional sports team**
  - As noted previously, the population and corporate inventory of the Las Vegas market area rank similar in size to other markets currently hosting NBA or NHL franchises. Coupled with the projected growth of the market, Las Vegas appears to be poised to be able to support an NBA or NHL franchise.
  - While the Las Vegas market is home to a variety of sports and entertainment options, with no major league professional sports franchises at present, an NBA or NHL franchise in Las Vegas would face limited direct competition for the discretionary sports-related spending of the local population and corporate inventory.
  - Based on surveys of over 200 local corporations, demand appears to be strong for season tickets, club seats, private suites and other premium amenities that could be offered at a new Events Center with an NBA or NHL tenant.
    - The level of positive interest for private suites ranged from 21 to 50 percent depending on the tenants, which exceeds the typical industry market average of 25 percent.
    - The level of positive interest for club seats ranged from 43 to 49 percent depending on the tenants, which exceeds the typical industry market average of 35 percent.
  - Surveys of 275 Las Vegas area residents also indicated strong support for a proposed NBA or NHL franchise and new Events Center compared to other markets. Specifically, 44 and 21 percent of survey respondents indicated a desire to attend NBA or NHL games, respectively.

- In addition to the strength of the local population and corporate inventory, surveys conducted with visitors to Las Vegas indicate the potential for additional support from non-residents for attendance at NBA or NHL games as well as potential touring events or special sports events, such as neutral site NCAA games, NBA or NHL All-Star games and other such events.
    - 57 percent of tourists interviewed indicated a desire to attend NBA games, while 50 percent indicated a desire to attend NHL games while in Las Vegas.
    - 69 percent of those tourists indicated an interest in making a special trip to Las Vegas to attend an NBA or NHL game.

Summary of Events Center Event Estimates

	Stand Alone (1)				With TMC Competition (2)			
	No Pro Tenant (3)		Pro Tenant (4)		No Pro Tenant (3)		Pro Tenant (4)	
Event Type	Events	Total Attendance	Events	Total Attendance	Events	Total Attendance	Events	Total Attendance
Professional Sports								
NBA/NHL	2	24,000	45	675,000	2	24,000	45	675,000
AFL	8	80,000	8	80,000	8	80,000	8	80,000
Professional Sports Totals	10	104,000	53	755,000	10	104,000	53	755,000
Rodeo/Equestrian								
NFR	10	200,000	10	200,000	10	200,000	10	200,000
PBR	10	160,000	4	64,000	10	160,000	4	64,000
FEI World Cup	4	20,000	4	20,000	4	20,000	4	20,000
Other	5	20,000	0	n/a	3	12,000	0	n/a
Rodeo/Equestrian Totals	29	400,000	18	284,000	27	392,000	18	284,000
Other Events								
Concerts	18	144,000	15	120,000	15	120,000	12	96,000
Family Shows	18	72,000	15	60,000	10	40,000	8	32,000
Boxing	5	37,500	3	22,500	4	30,000	2	15,000
Neutral Site NCAA Games	8	96,000	4	48,000	8	96,000	4	48,000
Other Sports	18	108,000	12	72,000	13	78,000	7	42,000
Graduations	10	60,000	10	60,000	6	36,000	6	36,000
Corporate Events	15	75,000	15	75,000	10	50,000	10	50,000
Meetings/Banquets	0	n/a	0	n/a	0	n/a	0	n/a
Miscellaneous	20	50,000	20	50,000	20	50,000	20	50,000
Other Event Totals	112	642,500	94	507,500	86	500,000	69	369,000
Total - All Events	**151**	**1,146,500**	**165**	**1,546,500**	**123**	**996,000**	**140**	**1,408,000**

(1) Assumes New Events Center is developed and TMC does not actively pursue non-UNLV athletic events
(2) Assumes New Events Center is developed and TMC continues to actively pursue non-UNLV athletic events
(3) Assumes New Events Center would *not* host an NBA or NHL tenant.
(4) Assumes New Events Center would host an NBA or NHL tenant.

- Based on interviews with event promoters and other potential facility users, it is estimated that the proposed Events Center could host approximately 151 total events without an NBA franchise, and approximately 165 total events with an NBA franchise, compared to approximately 126 events currently held at TMC.
- These event levels are estimated to attract between approximately 1.1 million and 1.5 million attendees per year.
- If the TMC continues to operate following the development of the new Events Center, the competition presented by the TMC could impact event and attendance levels at the Events Center. In this scenario, it is estimated that the Events Center could host approximately 123 events with total attendance of approximately 1.0 million assuming no NBA franchise, or approximately 140 events with attendance of approximately 1.4 million assuming an NBA tenant.

- **The proposed Events Center could generate a significant positive cash flow, before debt service, in both scenarios (professional sports tenant/no professional sports tenant)**

    - Based on the event and attendance levels outlined previously, it is estimated that the proposed Events Center could generate net operating income of between $16.6 million and $18.5 million before debt service without an NBA or NHL tenant, depending on the level of competition from the TMC.

    - With an NBA or NHL tenant, total net income is estimated to range from approximately $18.5 million to $20.7 million. However, it is important to note that it is likely that the NBA or NHL franchise would be responsible for operating the Events Center, and would therefore retain the majority, if not all, of the net income from the facility.

Summary of Events Center Financial Estimates

	No TMC Competition (1)		With TMC Competition (2)	
	No Pro Tenant (3)	Pro Tenant (4)	No Pro Tenant (3)	Pro Tenant (4)
Revenues				
Direct Event Income	$6,480,000	$4,480,000	$5,585,000	$3,700,000
Facility Fee	1,923,000	2,723,000	1,720,000	2,544,000
Premium seating	8,281,000	21,010,000	8,281,000	21,010,000
Naming rights	2,700,000	4,000,000	2,700,000	4,000,000
Food and beverage	3,249,000	5,931,000	2,840,000	5,450,000
Parking	2,902,000	3,916,000	2,515,000	3,558,000
Advertising	5,000,000	12,000,000	5,000,000	12,000,000
Merchandise	385,000	603,000	338,000	559,000
NBA Team Revenues	0	100,500,000	0	100,500,000
Other	500,000	500,000	500,000	500,000
Total revenues	$31,420,000	$155,663,000	$29,479,000	$153,821,000
Expenses				
Facility	$4,500,000	$5,500,000	$4,500,000	$5,500,000
General & administrative	6,000,000	9,500,000	6,000,000	9,500,000
Management Fee	1,500,000	0	1,500,000	0
NBA Team Expenses	0	120,000,000	0	120,000,000
Other	900,000	0	900,000	0
Total expenses	$12,900,000	$135,000,000	$12,900,000	$135,000,000
Operating Income (Loss)	$18,520,000	$20,663,000	$16,579,000	$18,821,000

(1) Assumes New Events Center is developed and TMC does not actively pursue non-UNLV athletic events

(2) Assumes New Events Center is developed and TMC continues to actively pursue non-UNLV athletic events

(3) Assumes New Events Center would *not* host an NBA or NHL tenant.

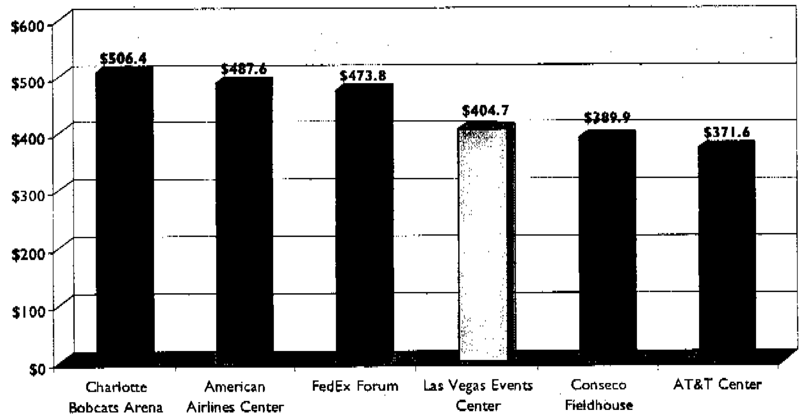
(4) Assumes New Events Center would host an NBA or NHL tenant.

Note: Expense estimates include only fixed operating expenses. Revenues are stated net of variable/event expenses

    - It should be noted that these estimates do not include debt service payments related to Events Center construction. Based on the construction costs of comparable arenas built in other markets in recent years, debt service related to Events Center construction is likely to be significant.

- Based on a preliminary construction cost estimate of approximately $404.7 million, annual debt service could approximate $29.4 million, assuming a 30-year term and 6.0 percent interest rate.

Total Project Costs (2010$$)



Note: Costs presented in chart include hard and soft construction costs, and exclude land acquisition and infrastructure costs. The costs for each building represent the cost to replicate the various arenas in Las Vegas with a 2010 opening, and are not representations of the actual cost of each facility in its respective marketplace.

- It should also be noted that the presence of a new Events Center could have a significant impact on the financial operations of the TMC, as the new facility would likely attract many of the events that are currently held at the TMC. Specifically, it is estimated that the presence of the new Events Center could reduce the combined net operating profit of the TMC, SBS and Cox Pavilion by approximately $1.4 to $2.0 million per year.

Estimated Impact of Events Center on TMC/SBS/Cox Operations

		Scenario 1 (1)		Scenario 2 (2)	
	On-Going Operations	Impact from Events Center	Adjusted TMC/SBS	Impact from Events Center	Adjusted TMC/SBS
Revenues					
Event Revenues					
Rent & Reimbursements	$5,157,000	($3,789,000)	$1,368,000	($3,095,000)	$2,062,000
Food and beverage	9,302,000	(3,518,000)	5,784,000	(3,234,000)	6,068,000
Novelties	409,000	(106,000)	303,000	(106,000)	303,000
Parking	323,000	0	323,000	0	323,000
Ticketing	178,000	0	178,000	0	178,000
VIP Box Leases	340,000	(300,000)	40,000	(300,000)	40,000
Miscellaneous	649,000	(200,000)	449,000	(200,000)	449,000
Other	791,000	0	791,000	0	791,000
Total Event Revenues	17,149,000	(7,913,000)	9,236,000	(6,935,000)	10,214,000
Non-Event Revenues					
Sponsorship/Signage	$1,915,000	($500,000)	$1,415,000	($500,000)	$1,415,000
Suites	2,800,000	(1,800,000)	1,000,000	(1,800,000)	1,000,000
Other	7,030,000	(1,019,000)	6,011,000	(712,000)	6,318,000
Total Non-Event Revenues	11,745,000	(3,319,000)	8,426,000	(3,012,000)	8,733,000
Total revenues	**$28,894,000**	**($11,232,000)**	**$17,662,000**	**($9,947,000)**	**$18,947,000**
Expenses					
Event Expenses	$7,622,000	($4,356,000)	$3,266,000	($3,876,000)	$3,746,000
Other	14,450,000	(5,491,000)	8,959,000	(4,118,250)	10,331,750
Total expenses	**$22,072,000**	**($9,847,000)**	**$12,225,000**	**($7,994,250)**	**$14,077,750**
Operating Income (Loss)	**$6,822,000**	**($1,385,000)**	**$5,437,000**	**($1,952,750)**	**$4,869,250**
Debt and Transfers					
Principal and Interest	$2,007,000	$0	$2,007,000	$0	$2,007,000
University Transfer	2,905,000	0	2,905,000	0	2,905,000
Operating Income (Loss)	**$1,910,000**	**($1,385,000)**	**$525,000**	**($1,952,750)**	**($42,750)**

(1) Assumes no AFL games, rodeo events, concerts, boxing matches and non-tenant sports events and 50% reduction in historcal family show event levels.

(2) Assumes no AFL games or rodeo events and 50% reduction in historical concert, family show, boxing and non-tenant sports event levels.

- **The economic impact of a new Events Center is significant, with or without a major league sports franchise tenant.**

    - Unlike other facilities similarly sized markets, the Las Vegas market offers the types of attractions and amenities that will help to attract major events that will also have significant interest for visitors, resulting in increased economic impacts for the community as a whole.

    - Based on an estimated construction cost of approximately $404.7 million, it is estimated that the development of the Events Center could generate approximately $237.8 million in direct local spending during the three-year construction period. This amount of spending would generate approximately $405.1 million in total output, which would support approximately 4,100 jobs and approximately $194.1 million in earnings throughout the construction period.

    - In addition to construction-related impacts, the annual impacts generated by the on-going operations of the Events Center were estimated. Impacts are represented as total economic activity and net new economic activity. Total economic activity represents gross spending associated with the operations of the Events Center regardless of the origin of spending and whether or not the spending would have taken place in another form within the local economy (i.e. displaced spending). Net new economic activity represents gross spending that has been adjusted to account for only the spending that (a) originates from outside the immediate area, (b) originates from inside the area but normally occurs outside the area, or displaced spending.

    - Based on the estimated operating revenues outlined previously, it is estimated that the operations of a new Events Center with no major league sports franchise could generate approximately $248.3 million in net new annual direct spending, which would support approximately $393.7 million in total output, including $155.7 million in earnings, and approximately 5,500 jobs. In addition, this spending would generate approximately $13.0 million in net new State sales tax revenue and $1.2 million in State live entertainment tax revenues along with $2.5 million in County sales tax revenues and $2.8 million in County lodging tax revenues.

    - With an NBA franchise, total net new direct spending is estimated at approximately $298.2 million, which would result in approximately $478.8 million in total output, including $208.4 million in earnings and 7,300 jobs. In addition, this spending would generate approximately $12.9 million in State sales tax revenues and $1.1 million in State live entertainment tax revenues, as well as approximately $2.5 million in County sales tax revenues and $2.7 million in County lodging tax revenues.

Estimated Economic and Fiscal Impacts
New Las Vegas Events Center

	Gross Impacts (1)		Net New Impacts (2)	
	No Pro Tenant	Pro Tenant	No Pro Tenant	Pro Tenant
Direct Spending	$320,339,000	$412,958,000	$248,319,000	$298,217,000
Total Output	$508,033,000	$663,424,000	$393,735,000	$478,822,000
Earnings	$201,843,000	$290,872,000	$155,695,000	$208,444,200
Jobs (3)	7,100	10,300	5,500	7,300
State Tax Revenues				
State Sales	$17,485,000	$18,101,000	$13,031,000	$12,932,000
State Live Entertainment	2,767,000	4,008,000	1,178,000	1,127,000
Total State Taxes	$20,252,000	$22,109,000	$14,209,000	$14,059,000
County Tax Revenues				
County Sales	$3,363,000	$3,481,000	$2,506,000	$2,487,000
County Lodging	3,392,000	3,395,000	2,757,000	2,726,000
Total County Taxes	$6,755,000	$6,876,000	$5,263,000	$5,213,000

(1) Represents gross impacts associated with the operations of the facility regardless of the origin of spending and whether or not the spending would have taken place in another form within the local economy.

(2) Represents impacts after adjusting the gross impacts to account for only the spending that (a) originates from outside the immediate area, (b) originates from inside the area but normally occurs outside the area, or displaced spending.

(3) Includes full- and part-time jobs

Note: Impacts in the table include some impacts currently generated by the presence of the TMC.

- The net present values (NPV) of the impacts estimated to be generated by the proposed Events Center are significantly higher than the NPV's estimated to be generated by the TMC in future years. Specifically, the NPV of the total output related to the operations of the Events Center in its first 30 years of operation is estimated to be approximately $3.5 to $4.5 billion higher than the NPV of output associated with TMC operations. The incremental NPV of State taxes generated by the Events Center are estimated to approximate $194.7 to $197.4 million, while the incremental NPV of County taxes generated by the Events Center are estimated to approximate $71.6 to $72.5 million.

Estimated Incremental Economic and Fiscal Impacts Resulting from Events Center Operations
30-Year Net Present Value

	NPV of Arena Generated Impacts (1)			Net New Impacts (2)	
		Events Center			
	TMC	No Pro Tenant	Pro Tenant	No Pro Tenant	Pro Tenant
Direct Spending	$1,262,584,000	$4,779,290,000	$5,743,318,000	$3,516,706,000	$4,480,734,000
Total Output	$1,999,209,000	$7,578,062,000	$9,221,364,000	$5,578,853,000	$7,222,155,000
Earnings	$782,873,000	$2,996,588,000	$4,013,872,000	$2,213,715,000	$3,230,999,000
Jobs (3)	2,600	5,500	7,300	2,900	4,700
State Tax Revenues					
State Sales	$69,112,000	$250,803,000	$249,090,000	$181,691,000	$179,978,000
State Live Entertainment	6,960,000	22,680,000	21,689,000	15,720,000	14,729,000
Total State Taxes	$76,072,000	$273,483,000	$270,779,000	$197,411,000	$194,707,000
County Tax Revenues					
County Sales	$13,291,000	$48,231,000	$47,902,000	$34,940,000	$34,611,000
County Lodging	15,491,000	53,078,000	52,458,000	37,587,000	36,967,000
Total County Taxes	$28,782,000	$101,309,000	$100,360,000	$72,527,000	$71,578,000

(1) Represents 30-year NPV of estimated arena-related spending and impacts that are assumed to not take place in Las Vegas if not for the presence of the TMC or the new Events Center.

(2) Incremental impacts of new Events Center as compared to impacts estimated to be generated by the existing TMC.

(3) Includes full- and part-time jobs. Represents jobs supported in first year of operations.

Note: All NPV calculations assume a 6.0% discount rate.

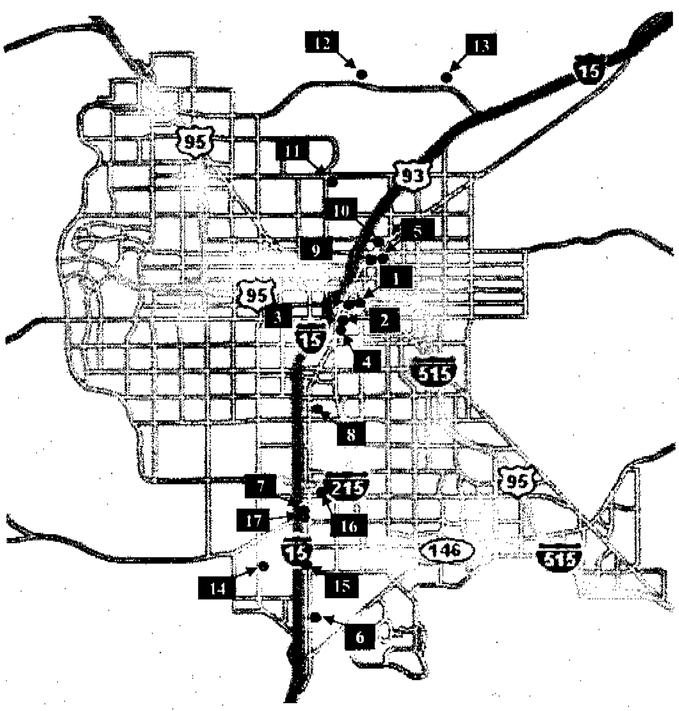
- In addition to the direct economic and fiscal impacts, the presence of a new Events Center could result in significant non-quantifiable impacts for the community, including:
  - Enhanced growth and ancillary private sector development spurred by the presence of the new Events Center;
  - Diversified entertainment alternatives for local residents as well as visitors;
  - New advertising opportunities for local businesses;
  - Enhanced community pride, self-image, exposure and reputation; and,
  - Other such benefits.

- **A number of potential sites are viable locations for a new Events Center, depending on the development parameters.**
  - The purpose of the site analysis was to identity potential sites within the Las Vegas marketplace that could be capable of accommodating the footprint of the proposed event center and provide or have the capability to provide the appropriate level of infrastructure including parking and accessibility via roads and public transportation.
  - In order to provide for a comprehensive review of potential sites, the Task Force approved the issuance of a Request of Information ("RFI") with regard to identifying potential sites for such a facility. (See Appendix E). The RFI requested private entities to submit information about sites capable of accommodating the proposed Events Center.
  - The issuance of the RFI and this analysis comprise the first steps in determining the interest and capabilities of developers and other interested entities to provide a site. Local governing bodies were not asked to formally submit sites through the RFI process. CSL representatives met personally with the local municipalities to identify potential sites in their jurisdictions.
  - 17 sites have been submitted either through the RFI process or meetings with local governing bodies.

Summary of Potential Las Vegas Sites

	Site	Total Site Acreage	Parcels	Ownership	Land and Improvement Value[1]	Market Values[2]	Access to Freeway
1	Downtown Site 1	11.50	42	Multiple Owners	$16,110,187	N/A	Adjacent
2	Downtown Site 2	10.00	1	Clark County	$21,200,000	N/A	Adjacent
3	Downtown Site 3	5.50	25	Developer	$16,892,283	N/A	0.62 Miles
4	Downtown Site 4	60.00	10	Multiple Owners	$13,631,669 *	$136,500,000 to $168,000,000 *	Adjacent
5	Cashman	55.00	2	LVCVA	N/A	N/A	0.33 Miles
6	Olympia	250.00	11	Olympia Land Corporation	$17,738,271 *	$75,000,000 *	Adjacent
7	Nassiri	66.11	3	Fred Nassiri	$20,410,236 *	$63,000,000 to $84,000,000 *	Adjacent
8	Harrah's	28.00	6	Four Entities	$131,087,172 *	N/A *	1.0 Mile
9	North Las Vegas Site 1	23.78	2	B.E. Trade Investments Group	$8,616,686	N/A	0.36 Miles
10	North Las Vegas Site 2	32.35	2	Bradshaw & Associates	$8,221,977 *	N/A *	0.43 Miles
11	North Las Vegas Site 3	150.02	1	Athena Group	$4,528,027 *	$16,800,000 to $18,200,000 *	1.5 Miles
12	North Las Vegas Site 4	53.61	1	Land Investors, LLC	$5,232,960 *	N/A	Adjacent
13	North Las Vegas Site 5	731.98	1	NSHE/UNLV	N/A	N/A	Adjacent
14	Clark County	59.15	1	Clark County	N/A	N/A	1.4 miles
15	Koroghli – Mobile 18	37.67	2	Ray Koroghli	$17,035,420 *	$63,551,898 *	Adjacent
16	Koroghli – Mobile 215	10.00	3	Ray Koroghli	$9,084,874	$47,900,000	0.37 Miles
17	Koroghli – Oasis	72.00	7	Ray Koroghli	$13,138,175 *	$95,223,700 *	Adjacent

(1) Based on the 2006 Clark County tax assessment.
(2) Based on discussions with real-estate professionals and property owners.
(*) Assessed and market value based on a 21-acre site.
N/A = Not Available



At this time, a definitive scoring of the 17 sites with a resulting ranking has not been performed. While each of the 17 potential sites exhibits both strengths and weaknesses, no site is ideal in every way, nor is any site ultimately unworkable. However, based on a preliminary evaluation, the sites have been classified into three tiers, with Tier One sites considered most viable:

Tier One	Tier Two	Tier Three
Downtown Site 1	Clark County	Cashman
Downtown Site 3	Downtown Site 4	Downtown Site 2
Nassiri	Harrah's	Koroghli Mobile 215
Olympia	Koroghli Mobile 18	North Las Vegas Site 2
	Koroghli Oasis	North Las Vegas Site 4
	North Las Vegas Site 1	North Las Vegas Site 5
	North Las Vegas Site 3	

- **Public participation will be an important component of the financing structure for the Events Center development program.**
  - With the trends toward the development of new, multi-use Events Centers around the country, the public sector has realized the potential benefits of public investment in such facilities.
  - The average cost of similar facilities has increased significantly in recent years, pushing the average adjusted cost of recently built NBA facilities to approximately $430.8 million.
  - Of the seven single-tenant NBA or NHL facilities opened since 1995, the public has contributed an average of 68 percent of the total project cost. Public funding is typically derived through a variety of tax sources, including sales taxes, lodging taxes, vehicle rental taxes, entertainment taxes, income taxes, property taxes and other such sources.
  - The private sector has contributed approximately 32 percent towards the cost of construction for recently built single tenant NBA or NHL facilities, with these funds derived primarily from facility or franchise revenues, including contractually obligated income such as naming rights, long-term sponsorships, long-term suite contracts and other such sources.

- Potential public and private revenue sources that could be used to fund Events Center construction in Las Vegas could include:

  Public Sources:
  - Auto rental tax
  - Ticket tax
  - Hotel/motel tax
  - Entertainment tax
  - Sales tax
  - Food and beverage tax
  - Property tax

  Private Sources:
  - Naming rights
  - Sponsorships
  - Private suites
  - Club seats
  - Team equity
  - Concessionaire
  - Parking

- Dedicating contractually obligated revenues to debt service rather than allowing a potential NBA or NHL tenant to retain those revenues would negatively impact the potential profitability of the franchise, which could hinder the ability of the Events Center to attract an NBA or NHL franchise.

Estimated Funding Covered by Facility Income

Estimated Construction Cost		$404,700,000
	No Pro Tenant	**Pro Tenant**
% of Cost Covered by Tenant	0%	32%
Remaning Cost to be Funded	$404,700,000	$275,196,000
Estimated Annual Debt Service (1)	$29,401,000	$19,993,000
Estimated Operating Income (2)	$18,520,000	$20,663,000
% of Income Dedicated to Debt	100%	0% (3)
Total Dedicated to Debt	$18,520,000	$2,723,000
% of Debt Service Covered	63%	14%
Estimated Annual Funding Gap	$10,881,000	$17,270,000

(1) Assumes a 30-year term and a 6.0 percent interest rate.
(2) Assumes no competition from the TMC. If the TMC is in competition with the Events Center, operating income is estimated to decrease to approximately $16.6 million for the No Tenant scenario, which would cover an estimated 56% of debt service, resulting in a funding gap of approximately $12.8 million.
(3) Assumes only Ticket Fee revenue would be dedicated to debt service, with the professional sports tenant retaining the remaining arena income.

1.0 Introduction

The Las Vegas market is renowned as one of the world's top entertainment and tourism destinations. In recent years, this reputation has grown as the Las Vegas tourism industry has expanded its entertainment offerings to appeal to a wider range of tourist demographics. The addition of several new arenas, theaters and other entertainment venues has provided the market with new entertainment options for tourists and residents of all ages, which has played a key role in the steady growth in annual visitation to the Las Vegas market over the past several years.

In addition to the expansion of the market's tourism industry, the resident population of the Las Vegas market has also grown rapidly in recent years. The population of Clark County has grown from approximately 741,000 in 1990 to 1.8 million in 2005. This strong population growth is expected to continue in future years, with the County's population projected to nearly double to 3.5 million by 2035.

In order to ensure that the Las Vegas market is able to meet the demands of its growing population and tourism base from a sports and entertainment standpoint, the Las Vegas Events Center Task Force ("Task Force") was formed to evaluate the current and potential future facility needs of the market. The University of Nevada-Las Vegas's ("UNLV") Thomas and Mack Center ("TMC") and Sam Boyd Stadium ("SBS") represent the largest indoor and outdoor sports and entertainment venues in the market, respectively. The TMC, which opened in 1983, accommodates a variety of major events, but lacks many of the amenities associated with more modern arenas. SBS opened in 1971 and was extensively renovated in 1998. Both facilities host UNLV athletic events and are owned and operated by UNLV.

The Task Force is evaluating a variety of potential facility development options to address the Las Vegas market's sports and entertainment needs. The Task Force retained the team of Conventions, Sports & Leisure International ("CSL"), HOK Sport + Venue + Event ("HOK"), Hobbs, Ong & Associates ("Hobbs Ong") and International Facilities Group ("IFG"), collectively referred to as the "Project Team", to conduct a variety of research and analyses related to these potential facility developments. In addition to the firms comprising the Project Team, representatives of UNLV provided services related to the development of the economic impact analysis presented herein. The scope of the analyses completed by the Project Team included the following key tasks:

- Reviewed the historical operations of the TMC and SBS, including event and attendance levels, financial operations and other key operational characteristics;
- Analyzed the key demographic and socioeconomic characteristics of the Las Vegas market, as well as the current and potential future inventory of sports and entertainment venues in the market;

- Collected and analyzed information pertaining to industry trends and standards, including characteristics of recent arena development projects, operating information related to the National Basketball Association (NBA) and the National Hockey League (NHL) and other such information;
- Interviewed existing users of TMC and SBS and other potential users of a new Events Center, including concert and other event promoters, sports leagues and other users;
- Conducted surveys of Las Vegas area corporations, residents and visitors to assess potential interest in purchasing seating and attending events at a new Events Center;
- Developed estimates related to potential annual event and attendance levels that could be achieved by a renovated TMC and SBS, as well as a new Events Center in Las Vegas;
- Developed a financial model based on the estimated levels of utilization and patron spending derived from the previous tasks and other information pertaining to the Las Vegas market;
- Estimated the existing economic and fiscal impacts generated by the operations of TMC and SBS, as well as the impacts that could result from the development of a new Events Center in Las Vegas;
- Evaluated several potential Events Center sites; and,
- Identified potential sources of funding for a new Events Center and evaluated the potential funding capacity of those sources.

The following report focuses on the study methods and results of the research and analyses conducted for the study, and is presented to the Task Force in order to assist in making informed decisions regarding potential facility development alternatives. The report is divided into the following sections:

	Executive Summary
1.0	Introduction
2.0	Historical Operating Analysis
3.0	Local Market Analysis
4.0	Industry Trends and Standards
5.0	Market Analysis
6.0	Financial Analysis
7.0	Economic and Fiscal Impact Analysis
8.0	Site Analysis
9.0	Funding Analysis
	Appendices A through F

2.0 Historical Operating Analysis

The purpose of this section is to present historical information related to the operations of the TMC, SBS and Cox Pavilion, including event and attendance levels, financial performance and other such operating data. An analysis of the historical operations of these venues provides an understanding of the current Las Vegas event market and forms an initial basis on which to evaluate the potential operations of potential new and/or renovated venues in the Las Vegas market. This section includes the following analyses:

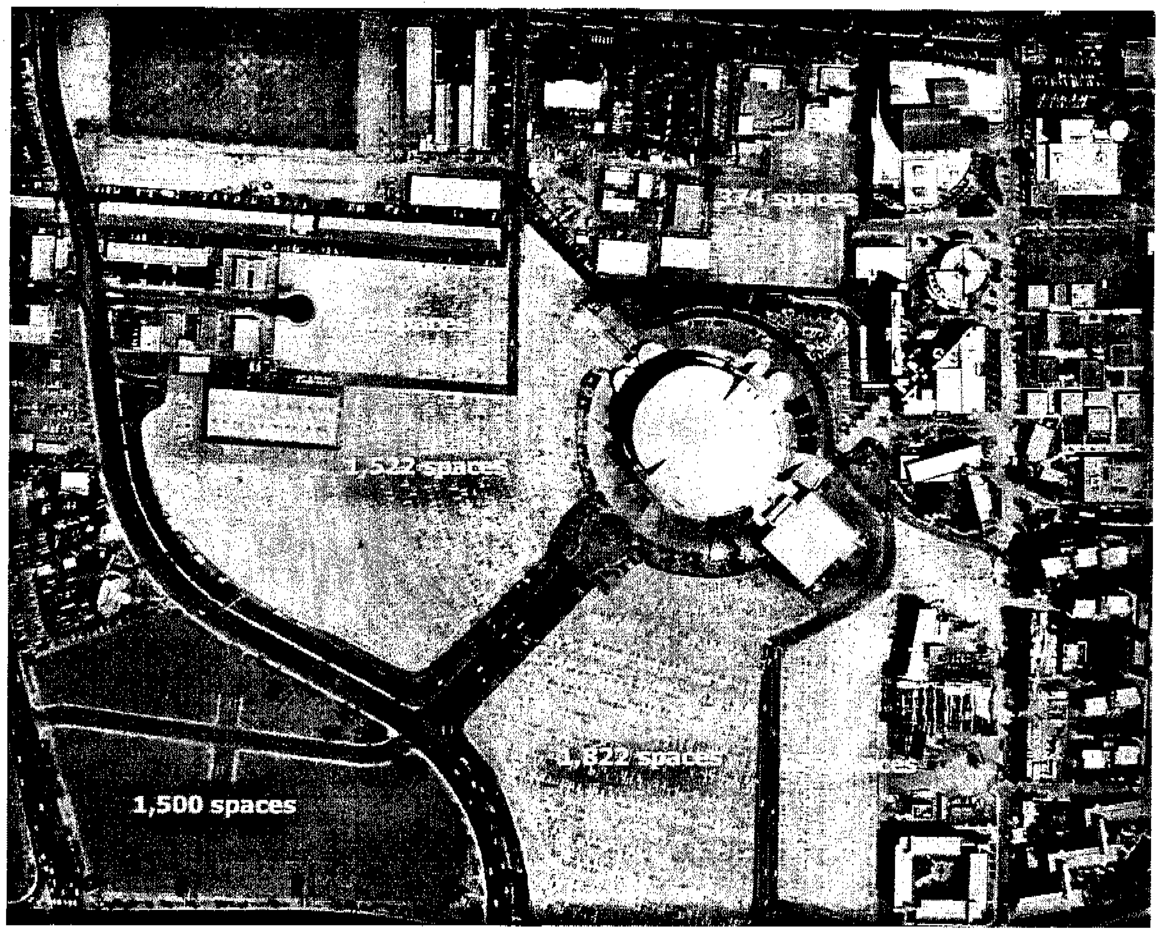
- TMC Analysis;
- Cox Pavilion Analysis;
- SBS Analysis;
- Financials; and,
- Summary.

TMC Analysis

The TMC was constructed at a cost of $30 million and opened in 1983. Located on the UNLV campus, the facility has a capacity of up to 19,400 for boxing events and center stage concerts, making it the largest indoor sports and entertainment venues in the Las Vegas market. The facility is the home of the UNLV athletic department, and is owned and operated by UNLV, along with Cox Pavilion and SBS. Premium seating at TMC consists of 30 suites with capacities ranging from 10 to 20 guests. The facility does not incorporate any club seating.

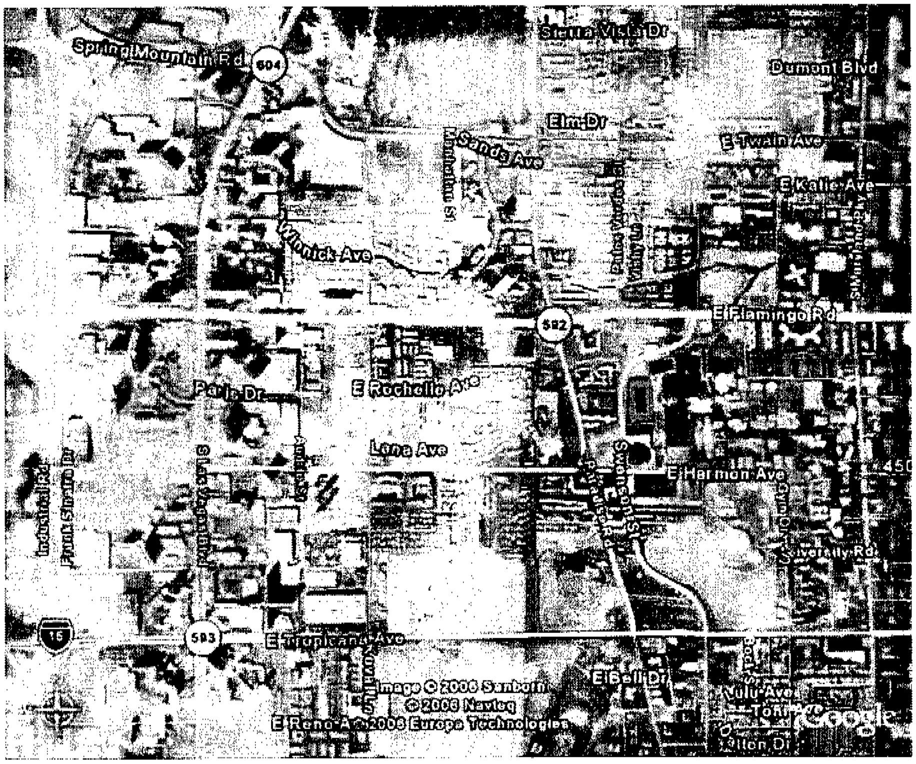
The TMC is located near the southwest corner of the UNLV campus and is surrounded by approximately 6,300 parking spaces, as illustrated in the aerial photograph on the following page.

2.0 Historical Operating Analysis



At present, the TMC has control of approximately 4,400 parking spaces. The TMC previously had control 1,500 parking spaces at the southwest corner of the site, however these spaces have reverted to the Airport Authority and will no longer be available for TMC events. The available parking inventory is only sufficient to accommodate approximately 13,200 patrons at any given event. Based on industry standards, the TMC should have control of approximately 6,300 parking spaces at all times. During the school week the number of available spaces is significantly limited by student and staff utilization, leaving only approximately 600 spaces available in the late afternoon. In addition, new construction on campus, including the development of a new student recreation center to the southeast of the TMC, is encroaching on the existing parking lots, which will continue to reduce the number of parking spaces available for TMC events. This lack of parking significantly impacts the potential attractiveness of attending events at TMC.

In addition to parking limitations, the TMC faces challenges related to traffic access. The facility is located near the intersection of Tropicana Avenue, which runs east/west, and Swenson Street, which runs north/south. The picture on the following page illustrates the primary traffic corridors leading to and from the TMC.



While Tropicana Avenue serves as a primary east/west corridor and the nearby Paradise Road is a primary north/south corridor, both streets are prone to congestion due to traffic to and from the Airport and the Strip, rush hour traffic and other such factors. Given that the TMC is located approximately 1.5 miles from the Strip, 2.0 miles from Interstate 15, 3.5 miles from Interstate 515 and nearly five miles from downtown, traffic congestion on Tropicana and Paradise can lead to difficulties driving to TMC from those locations.

Events

The TMC serves as the home of the UNLV men's basketball program, and also hosts a portion of the home schedules of the University's women's basketball and volleyball programs. The University also utilizes the arena for a variety of sports practices, graduations and other such events.

In addition to UNLV-related utilization, the TMC is the home of the Las Vegas Gladiators of the Arena Football League (AFL), and hosts a variety of concerts, family shows, non-tenant sporting events and other events throughout the year. The facility also hosts several major recurring events annually, including the National Finals Rodeo (NFR), the Professional Bull Riders (PBR) Championship, the FEI World Cup equestrian event and the Mountain West Conference (MWC) men's and women's basketball championship tournament. The following table summarizes event and attendance levels at the TMC over the past three years.

2.0 Historical Operating Analysis

Thomas and Mack Center Events
3-Year Event and Attendance Summary

Event Type	Events				Average Attendance				Total Attendance			
	2003	2004	2005	Ave.	2003	2004	2005	Ave.	2003	2004	2005	Ave.
UNLV Events												
Men's Basketball	20	14	20	18	6,000	6,500	6,000	6,100	119,100	90,400	119,400	109,600
Women's Basketball	4	2	10	5	500	1,100	300	500	1,900	2,200	3,100	2,400
Volleyball	6	4	0	3	400	200	n/a	400	2,200	600	n/a	1,400
Other	3	4	14	7	2,700	5,600	1,300	2,600	8,000	22,500	18,700	18,200
Subtotal	33	24	44	34	4,000	4,800	3,200	3,800	131,200	115,700	141,200	129,400
Equestrian/Rodeo												
NFR	10	10	10	10	16,200	16,300	16,100	16,200	162,400	163,000	160,900	162,100
PBR	4	4	4	4	13,500	10,600	12,400	12,100	53,900	42,200	49,500	48,500
FEI World Cup	5	0	9	5	4,300	n/a	5,200	7,400	21,500	n/a	47,200	34,400
Other	3	3	5	4	2,100	1,800	1,700	1,800	6,200	5,400	8,400	6,700
Subtotal	22	17	28	22	11,100	12,400	9,500	10,800	244,000	210,600	266,000	240,200
Other Events												
AFL Gladiators	8	8	8	8	5,600	4,300	5,100	5,000	44,700	34,600	41,000	40,100
Concerts	11	13	9	11	7,900	9,000	5,200	7,600	86,700	117,400	46,600	83,600
Family Shows	20	11	13	15	2,900	1,300	2,300	2,300	57,900	14,600	30,400	34,300
Boxing	4	0	2	2	3,700	n/a	5,800	6,700	14,900	n/a	11,600	13,300
Other Sports	12	10	9	10	6,200	2,700	4,000	4,500	74,800	27,200	36,300	46,100
Graduations	1	3	9	4	4,000	n/a	3,900	4,500	4,000	n/a	35,000	19,500
Conventions/Conferences	6	2	7	5	7,400	2,000	300	3,400	44,100	4,000	2,300	16,800
Meetings/Banquets	0	0	7	2	n/a	n/a	10	0	n/a	n/a	100	100
Other Events	14	5	19	13	2,700	5,200	600	2,000	38,000	26,200	12,200	25,500
Subtotal	76	52	83	70	4,800	4,300	2,600	3,800	365,100	224,000	215,500	268,200
Total - All Events	131	93	155	126					740,300	550,300	622,700	637,800

Note: Excludes parking lot events.

As shown, event levels at the TMC over the past three years have ranged from a low of 93 in 2004 to a high of 155 in 2005, averaging 126 events per year over that time. Average annual attendance over the past three years has approximated 638,000. Factors contributing to the wide fluctuations in event levels over the past three years include the scheduling of the FEI World Cup, which takes place on a biennial basis, a non-recurring family show that played the TMC in 2003 and varying levels of meetings, banquets, conventions and other miscellaneous events. UNLV-related events have historically accounted for approximately 27 percent of event activity and 20 percent of total attendance.

As the home of the UNLV basketball and volleyball programs, the TMC faces unique scheduling challenges. Due to the scheduling requirements of the athletic department, the facility may not be able to fully capture the event market due to the inability to schedule desirable dates for touring events. In addition, existing events such as the PBR World Championships, have indicated the desire to host more event days at TMC but have been unable to do so due to scheduling conflicts with UNLV athletics.

2.0 Historical Operating Analysis

Current Condition Analysis

HOK was engaged by CSL to assess the condition of the exterior walls, roof, windows, public restrooms, concession stands, dressing rooms and interior finishes of the TMC and SBS. HOK assessment personnel performed an on-site review of the two facilities on June 27th through 29th, 2006. Patrick Delly, a 20 year veteran of arena operational and engineering systems, was engaged to survey the facilities' mechanical, electrical, plumbing and fire safety systems.

A survey of the mechanical systems including HVAC, plumbing and fire suppression to assess their respective general conditions was performed as part of the review as well. The review team did not assess the condition of every mechanical room or piece of equipment, but conducted a representative sample on each level of the facility. The facility's technology including scoreboard, LED ribbon boards, audio and video systems, data and phone systems were reviewed by HOK to assess their conditions and whether the appropriate preventive maintenance had been performed.

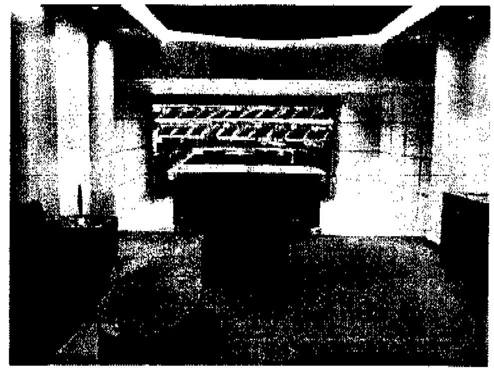
The following is a summary of the key findings of the TMC analysis. Additional detail can be found in Appendix A following this report. The information contained in this section and in Appendix A represents the professional opinion of the assessment team comprised of representatives of HOK.

<u>Architecture and Interiors</u>

- Overall, the entries and concourses are in very good condition, clean and well maintained. The renovations that were completed in 1997 provided upgraded concession fronts, finishes and lighting that remain adequate, in good condition and consistent with current facilities of comparable size, use and market place.
- The suites themselves are well below current major market facility standards. Finishes are outdated and worn, and the suites are far smaller than minimum acceptable standards.

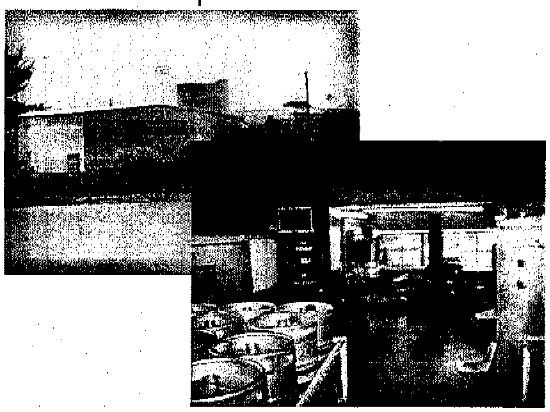
Thomas & Mack Center
- Suites are small and interior designs are outdated
- Only 30 suites

Toyota Center
- 103 suites

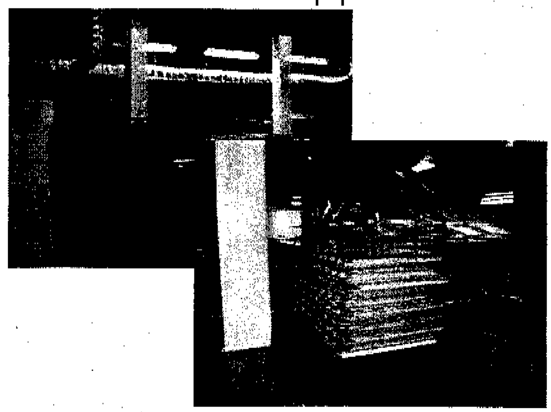


- Facility storage for the TMC was found to be very limited and not consistent with facilities of a newer generation. The facility, including the food service operator, has to utilize shell space under exterior grand staircases for storage of equipment and refrigerators.

Thomas & Mack Center
- Exterior Butler building used
- Also use space under exterior stairs



RBC Center
- Sufficient storage space on event level to house all materials/equipment



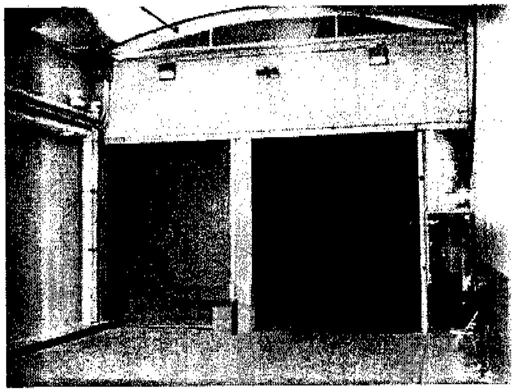
- Facility event production is limited due to the lack of marshalling space, absence of loading docks and limited capacity on the rigging grid. Currently, equipment needed to set up for concerts has to be moved by forklift from a butler building in the parking lot and from underneath the exterior grand staircases. There are several locations where event staging was observed to be unsecured underneath the stairs and exposed to the intense heat. This set of circumstances is not consistent with current operating protocols in newer facilities and inevitably leads to increased time in the event set-up and higher labor costs. A lack of loading docks on which to unload event production trucks is both a safety and cost issue for the facility. The unloading and loading of trucks by ramps results in increased labor, thus increasing event costs to the facility and promoter, and the increased potential for road cases to injure stagehands.

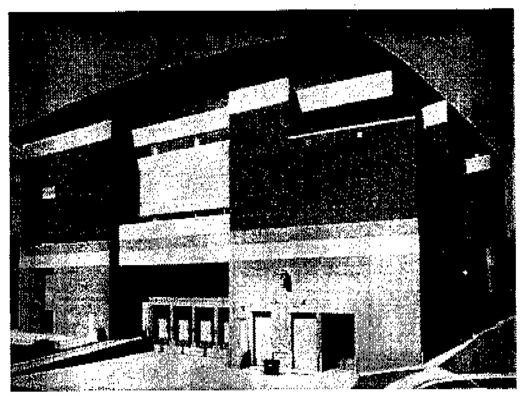
Thomas & Mack Center
- Approximately 3,000 SF of marshalling space

Gaylord Entertainment Center
- Approximately 15,000 SF of marshalling space

Thomas & Mack Center
• 2 roll-up doors at grade level

Arena at Gwinnett Center
• 4 elevated show docks and 1 food and beverage dock





- The rigging grid capacity is woefully inadequate when compared to new facilities. Currently, the main grid has a capacity of 39,000 pounds with points attached to the roof steel for increased capacity. Industry standards call for a rigging capacity of at least 150,000 pounds. Due to the lack of capacity in rigging, the facility has had to pass on concerts and lose out on potential revenue. A structural engineering analysis may be considered to determine what effect the extra rigging weight has had on the roof structural steel.
- Due to the layout and design of the TMC, there is not enough unexcavated shell space to increase the size of the marshalling area so that all event equipment could be stored inside the facility. A large scale renovation both in scope and cost would be required to increase the number of load-in doors and add loading dock bays.
- Overall, the concession stands were observed to be clean and well maintained. The equipment, countertops and tile walls were observed to be in good condition. We observed in several instances where employees were cleaning the concession and condiment stands.
- The restrooms were observed to be in good condition. Except for missing some stainless steel moldings at the bottom of the stalls, the restrooms look excellent and appear to have been taken care of with great detail for some time.

- The overall condition of the seating bowl is very good, especially considering the original seats are in place and the padding was added in 1999. The padding on the seats was observed to be in good condition, but there are some seats, mainly in the lower level, where the padding has ripped off and where it is starting to separate from the seat. The arm rests are also in good condition, although they are fairly dirty. The seats themselves are in good working order and the cup holders are in good condition, but there are not any cup holders for the seats in the upper level. Also, the top 6 rows of seats in the upper level do not have the same arm rest as the rest of the seats; these are simply metal and lack the plastic cover that the rest of the seats feature.
- As it relates to handicap seating, there are 28 total handicap seats at the north and south ends of the concourse. Since there is no way for handicap patrons to access the upper bowl, an additional 180 handicap seats off the main concourse are needed to accommodate both the upper and lower seating areas, which would take significant renovation and the removal of more than one suite on each end.
- The parking lots at the TMC can currently support a crowd of about 13,000, but attendance over that puts a serious strain on its capabilities. The current construction of new dorms and a recreation center recently took away 2,000 spaces, while the university's master plan further diminishes the number of spaces for the TMC.
- The current condition of the parking lots is fair. There are numerous areas where cracking has occurred and some of the concrete barricades are cracking and have rebar exposed. There are also multiple items stored along Swenson that are easily accessible and pose a serious hazard.

Major Systems

- The facility's primary and secondary HVAC systems were observed to be well maintained and operating properly; however, the chiller system is undersized for the current heat load on the facility causing the systems to run at a higher capacity for extended periods. This problem is also compounded by the outdoor water cooled condensers that appear to be edging towards the end of their useful life.
- All of the chillers and outdoor condensers are scheduled to be replaced this year, according to the staff. This scheduled replacement should alleviate most of the problems associated with tonnage capacity; however, we could not verify or compare outputs between the old and new systems.
- The primary and secondary electrical systems appeared to be in working order and were observed to be clean and had no evidence of past problems. The maintenance staff is currently changing some of the secondary panels to accommodate the new "smart breaker" systems for automation.

- The lighting systems in the arena, practice area and ancillary service areas were observed to be adequate. The arena is scheduled to have a new Musco lighting system with a blackout shutter system installed later this year.
- The roof systems on both the arena and practice area appeared to be in good condition and we observed no anomalies.
- The maintenance personnel have a well planned, on-going preventative maintenance program that works well.
- A large amount of conditioned air is lost as soon as doors are opened to the public. According to facility staff, the HVAC system takes up to two hours to recover after an event begins. The addition of a retaining vestibule should be considered to keep the areas separated or the amount of conditioned outside air should be substantially increased to offset the amount of non conditioned air entering the facility upon opening doors to the public. An HVAC engineer should be retained to ascertain the best available options for remediation.
- The elevators and escalators in and around the facility are of the old analog – relay controls type. As these systems have been maintained very well and are in good operating condition at this time, a comprehensive plan should be devised for long term usage, parts replacement and eventual replacement of all of the controls systems.
- A structural engineer should be retained on a yearly basis to inspect all of the building supports, major transition areas, and seating / arena structures.
- All telephone systems should be upgraded to fiber systems.
- The emergency generator needs a comprehensive fuel filtering / cleaning system added by a qualified company.
- All permanent ladders should be evaluated by a qualified life safety inspector.

<u>Renovation</u>

Although the TMC was observed to be in good condition for a facility its age and one that has undergone two major renovations totaling $35 million, the facility has reached a point of obsolescence when compared to the newer generation of facilities. As a collegiate facility hosting the university's men's basketball home games, the venue is on par with facilities from major programs in the large conferences. As a facility that hosts a large variety of events from rodeos, concerts and family shows, the TMC no longer can meet the needs of events that have become more technical and in need of greater space requirements.

A complete renovation of the TMC would be required to meet the basic needs of today's event producers, but that in no way guarantees those needs can still be met 5 to 10 years after completion. As it exists today, the TMC is less than half the size of the newer generation of facilities (350,000 sq. ft. vs. 750,000 sq. ft.), has 20 to 30 less suites, has insufficient event production space (3,000 sq. ft. vs. 15,000 sq. ft.) and a rigging grid with a capacity half the amount of what is considered a minimum in most of the newer facilities (75,000 lbs vs. 150,000 lbs).

To renovate this facility would require the shutdown of the facility for a minimum of 18 months due the following major steps:

1. Removal of the roof for the addition of rigging steel for increased capacity.
2. The addition of a concourse to support the upper level and the possible addition of premium areas and suites.
3. Excavation of the service level for additional storage and event production space.
4. The addition of premium areas including restaurants.
5. A total overhaul and upgrade of the mechanical systems including HVAC, electrical and plumbing systems.

The order of magnitude cost for a renovation of this magnitude would be between $125 million and $150 million, but that does not guarantee that the useful life of the facility would be extended beyond an additional 10 years and continue to meet the needs of its users.

It is important to consider what course of action other communities have chosen when faced with these set of circumstances. The last 10 years have seen an explosion in the construction of large arenas. Since 2000, 21 arenas have been constructed to house major professional sports teams and many more in secondary and tertiary markets as well, as communities used these projects as anchors to redevelop blighted urban areas and as a driver for economic development.

Two cities, Seattle and Oakland, chose to redevelop existing areas instead of building newer, state of the art facilities. Both projects involved essentially rebuilding the facility with the addition of suites, club seats, additional concourses and expanding storage and event production space. The Key Arena project in Seattle cost approximately $107 million and was completed in 1995. The renovations ultimately became a "stop gap" measure and only extended the useful life of the facility an additional 10 years. Currently, there is a move afoot to construct a new facility for the major tenant that would also meet the need of non-sports users.

The Oakland Arena underwent a major rebuilding in 1995 that resulted in the facility being shutdown for 16 months and ultimately cost $128 million. Other cities such as Charlotte, Miami, Dallas, Houston, Memphis and Jacksonville all have chosen to build new facilities when faced with the disadvantages of an outdated arena.

2.0 Historical Operating Analysis

Summary

Representatives of HOK conducted an evaluation of the current condition of the TMC in 2006. The analysis found that the TMC is generally well maintained by facility staff, but highlighted some key limitations of the venue, including:

- Insufficient event storage and production space;
- Event parking limitations;
- Traffic issues in the area surrounding the building;
- Limited rigging capacity;
- Lack of premium spaces;
- Current seating not ADA compliant;
- Inability to maintain consistent interior environment; and,
- Single concourse, which limits points of sale and hinders access and pedestrian flow.

In order to evaluate the potential ability of the TMC to attract a National Basketball Association (NBA) or National Hockey League (NHL) franchise, the physical attributes of the facility were compared to those of recently built arenas currently hosting NBA and/or NHL franchises. The following are the key findings of this comparative analysis.

- The TMC has approximately half of the square footage of newer NBA facilities, limiting storage and event production as well as patron accessibility
- Newer facilities typically offer approximately 20 to 30 more suites than the TMC. Newer facilities also offer other premium seating opportunities such as club seats and loge boxes that are not available at the TMC.
- Newer facilities typically offer approximately 15,000 square feet of marshaling space, compared to approximately 3,000 square feet at the TMC.
- The TMC's rigging capacity of 75,000 pounds is approximately half of the capacity of newer facilities, limiting the types of events that can utilize the TMC.

Based on these findings, a significant renovation of the TMC would likely be required to equip the facility with the amenities need to attract an NBA or NHL tenant, although it is unlikely that an NBA or NHL tenant would be interested in a renovated facility. In addition, such a renovation would present a number of challenges. A renovation could require a 12 to 15-month shutdown of the venue, resulting in the temporary relocation of the facility's tenant teams, as well as events such as the NFR and PBR championship. In addition, if the TMC is not available to host concerts and other such events, those events may relocate to other venues in Las Vegas, allowing those venues to gain a long-term competitive advantage through the development of relationships with the management of other venues.

It should also be noted that a renovation of the TMC could cost at least $125 to $150 million to complete, likely requiring a significant investment of public dollars. However, even at this price, the renovation may not be sufficient to achieve the desired results due to the limitations of the TMC's footprint and other such factors. This has been experienced in the Seattle and Oakland markets, where major renovations of NBA arenas have not met the long term needs and expectations of their respective stakeholders.

Cox Pavilion Analysis

Located adjacent to the TMC, Cox Pavilion opened in 2001 and has a capacity of approximately 3,000 seats. The Pavilion is capable of hosting a wide variety of events, including basketball, volleyball, boxing concerts and family shows. The UNLV women's basketball and volleyball programs play the majority of their home schedules at the Pavilion. The following table summarizes event and attendance levels at the Pavilion over the past three calendar years.

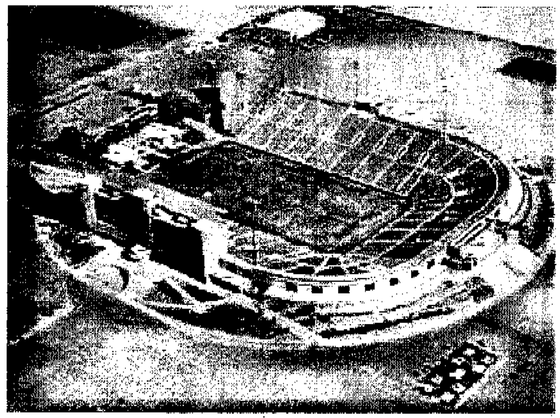
Cox Pavilion
3-Year Event and Attendance Summary

	Events				Average Attendance				Total Attendance			
Event Type	2003	2004	2005	Ave.	2003	2004	2005	Ave.	2003	2004	2005	Ave.
UNLV Events												
Women's Basketball	11	15	9	12	700	700	500	643	7,200	10,500	4,800	7,500
Volleyball	6	9	10	8	400	300	200	288	2,200	2,600	2,400	2,400
Other	2	2	3	2	200	1,600	300	629	400	3,200	800	1,467
Subtotal	19	26	22	22	500	600	400	509	9,800	16,300	8,000	11,367
Other Events												
Concerts	3	5	4	4	1,900	1,900	2,000	1,908	5,600	9,300	8,000	7,633
Family Shows	8	8	8	8	900	1,300	1,400	1,208	7,300	10,700	11,000	9,667
Other Sports	4	3	11	6	1,000	1,700	700	928	4,000	5,200	7,500	5,567
Other Events	2	7	4	4	2,800	500	100	685	5,500	3,200	200	2,967
Subtotal	17	23	27	22	1,300	1,200	1,000	1,157	22,400	28,400	26,700	25,833
Totals	36	49	49	45					32,200	44,700	34,700	37,200

As shown, the Pavilion has hosted an average of 45 events per year, with approximately half of that utilization consisting of UNLV-related events. Non-University event levels have increased steadily over the past three years, due largely to the playing of NBA Summer League games at the facility. Total attendance at Pavilion events has averaged approximately 37,000 per year, of which approximately 31 percent is related to UNLV events.

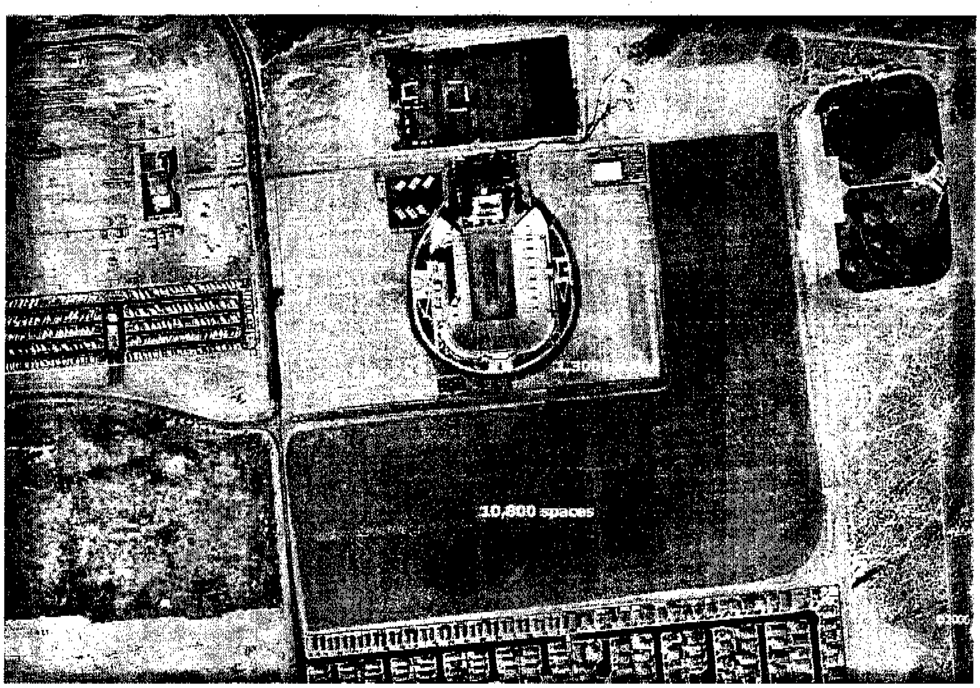
2.0 Historical Operating Analysis

SBS Analysis



Located approximately seven miles east of the UNLV campus, SBS opened in 1971 as a 15,000 seat facility at a cost of $3.5 million, but has since undergone multiple renovations bringing the stadium to its current capacity of 40,000. The last renovation began in the fall of 1998 and included an addition of 9,000 seats, a new concourse, upgraded and expanded restrooms, upgraded concession stands and a new playing surface. The stadium incorporates premium seating in the form of 16 suites and 488 club seats.

SBS is surrounded on three sides by parking lots, providing approximately 13,800 parking spaces, as illustrated below.



Currently, parking shortages are experienced at several SBS events. This situation would be worsened if the seating capacity of the SBS is expanded as part of a renovation, as higher attendance levels would place an even greater burden on existing parking spaces. Parking for the stadium may need to be expanded beyond the current fence line to alleviate these current and future parking shortages. However, the County is considering a plan that would convert a significant portion of the existing parking to municipal parks and athletic fields, potentially impacting the facility's parking inventory to a point that would limit the facility's ability to attract major events.

2.0 Historical Operating Analysis

Events

SBS serves as the home of the UNLV football program and also hosts the Las Vegas Bowl, the Las Vegas All-American Classic, the AMA Supercross Series Finals, the Monster Jam World Finals, concerts and other events on an annual basis. The following table summarizes SBS event and attendance levels over the past three years.

Sam Boyd Stadium Events
3-Year Event and Attendance Summary

	Events				Average Attendance				Total Attendance			
Event Type	2003	2004	2005	Ave.	2003	2004	2005	Ave.	2003	2004	2005	Ave.
UNLV Athletics	6	6	5	6	17,500	10,700	12,000	13,500	105,000	64,200	59,900	76,400
Concerts/Festivals	3	0	3	2	6,200	n/a	21,000	20,400	18,600	n/a	62,900	40,800
High School Events	4	4	2	3	1,000	3,600	2,900	2,400	4,000	14,300	5,700	8,000
Motorsports	2	2	2	2	28,500	27,100	30,000	28,500	56,900	54,200	59,900	57,000
Other Sports	3	2	2	2	10,200	10,700	21,400	13,500	30,700	21,400	42,700	31,600
Other Events	1	2	4	2	8,000	6,200	3,500	4,900	8,000	12,300	14,000	11,400
Totals	19	16	18	18					223,200	166,400	245,100	211,600

As shown, event levels at SBS have remained relatively stable in recent years, ranging from 16 to 19 annual events with an average of 18 events per year. Approximately one-third of this utilization has consisted of UNLV football games, with the remainder including a variety of concerts, festivals, high school sports events, motorsports events and other events. Total attendance at SBS has averaged approximately 212,000 per year.

Current Condition Analysis

An analysis of the current condition of SBS was completed by HOK in June, 2006. The following is a summary of the key findings of the SBS analysis. Additional detail can be found in Appendix A following this report. The information contained in this section and in Appendix A represents the professional opinion of the assessment team comprised of representatives of HOK.

Architecture & Interiors

- The locker rooms are in the process of being renovated and are scheduled to be completed prior to the first home game in September. The rooms are scheduled for new carpeting, fresh paint and the reconfiguration of training areas. The size of the rooms is sufficient to comfortably accommodate a visiting team traveling with 60 players and there is sufficient space for coaches to meet and dress as well.

- The premium spaces in the football stadium were observed to be in good condition and well maintained. The suites, club and press box facilities were constructed in 1999 and have held up well, with new carpet slated for installation in the club and suite common areas prior to the first home game. Seven years is the expected usable life of carpet and wall coverings for this type of space. Wall coverings in the common spaces, bathrooms and food service equipment were observed to be in good condition. The press facilities were viewed to be of high quality and superior to press facilities of the major conference teams we have assessed.
- The condition and large number of concession stands observed at SBS is superior to major conference team stadiums we have assessed in the last two years. The stadium, with 18 fixed stands and 2 to 6 rollup doors each, provides a large number of points of sale for even a sellout crowd of 40,000. The support food service spaces and kitchens were observed to be clean and well maintained.
- The concourses were observed to be wide enough to support foot traffic for a crowd of 40,000. The concourses were widened as part of the 1999 renovation which included the addition of concession stands. We observed sufficient number of gates for ingress and egress.
- Public restrooms on the concourse and in the premium and press areas were observed to be in good condition and clean. Wall coverings, stall partitions, fixtures, dispensers and toilets were observed to be functional.
- The seating bowl was observed to be in condition. All of the aluminum bleachers were found to be in good condition, as well as most of the concrete precast. The bowl underwent a renovation in 1999 that reconfigured the seating bowl and added 9,000 seats to bring total capacity to 40,000.
- The perimeter of SBS is also in excellent condition. The landscaping looks great and has been well maintained, the family areas such as the picnic areas and playground look nice and all of the cascading steps are in good condition.

Major Systems

- The facility's HVAC systems were observed to be well maintained and operating properly; however, the facility that houses the locker rooms and team areas were under construction/renovations and the HVAC systems for this area were not operating.
- The primary and secondary electrical systems were observed to be in good working order, clean and had no evidence of past problems.
- No problems were noted with the plumbing systems.
- All of the lighting seemed to be normal for this type of stadium.
- Structurally, the facility was observed to be in good condition.

- The maintenance personnel have a well planned, on-going preventative maintenance program that is working well.
- The rooftop HVAC units on the locker room facility were observed to be approaching the end or their useful life. A qualified independent HVAC company should be retained to evaluate all of the units.
- All permanent ladders for all areas should be inspected by a qualified life safety inspector.
- The transformers and show power switches that are outside the locker room facility should be protected with a bollard system to prevent accidental damage.
- A comprehensive electrical survey should be performed. The survey should include, but not be limited to, the primary electrical supply transformers and switches, all switch gear and transfer mechanisms, all high and low voltage output switches and panels, emergency generator systems and the end line systems such as large motor starters and contactors. An electrical engineer should be retained to write testing specifications and evaluate testing results.
- The elevators in the facility are of the old analog – relay controls type. As these systems have been maintained very well and are in good operating condition at this time, a comprehensive plan should be devised for long term usage, parts replacement and eventual replacement of all of the controls systems.
- A structural engineer should inspect all of the building supports, major transition areas and seating/bowl structures regularly.
- All telephone systems should be upgraded to fiber systems.
- The emergency generator needs a comprehensive fuel filtering / cleaning system added by a qualified / certified company.

Summary

SBS is well maintained by facility management, and its current seating capacity is sufficient for the University's football program. In addition, the size of the concourses, number of concession stands and the inventory and quality of premium spaces are sufficient for its current users.

While the stadium is generally sufficient, some areas for potential improvement were identified. It is recommended that parking for the stadium be expanded beyond the current fence line to alleviate parking shortages. In addition, increasing the stadium's capacity could help grow the stadium's special events, such as the Las Vegas Bowl and various motorsports events. However, it should be noted that an increase in capacity would also require additional parking spaces due to the already limited amount of parking available to stadium patrons.

2.0 Historical Operating Analysis

Financials

UNLV operates all three of the venues discussed in this section, with many revenue streams and expenses line items shared among the facilities. Therefore, it is difficult to assess the financial performance of each individual venue. The following table summarizes the combined financials for the TMC, Cox Pavilions and SBS over the past three fiscal years.

Combined Financial Summary
TMC, Cox Pavilion and SBS

	2003/04	2004/05	2005/06
Event Revenue			
Event Revenues	$13,392,700	$13,019,100	$17,148,800
Event Expenses	(6,349,600)	(6,469,900)	(7,622,400)
Net Event Revenues	**$7,043,100**	**$6,549,200**	**$9,526,400**
Non Event Revenues			
Gate Receipts	$1,300	$2,800	$2,500
Premium Seating	3,624,100	3,735,800	3,485,400
Signage & Sponsorships	2,724,300	2,108,600	1,914,500
Service Charges	1,459,400	1,667,500	2,045,800
Ticket Fees	1,506,800	1,446,700	1,722,200
State Support Funds	1,241,600	1,203,000	2,294,600
Other Income	233,500	324,100	279,100
Total Non Event Revenues	**$10,791,000**	**$10,488,500**	**$11,744,100**
Non Event Expenses			
Salaries, Wages & Benefits	$7,563,500	$7,691,200	$8,344,800
University Transfers	1,515,000	1,525,200	2,905,200
General & Administrative	575,300	634,200	801,100
Insurance	177,000	0	13,000
Advertising	487,600	475,300	523,400
Principal & Interest	2,121,200	2,004,700	2,007,300
Credit Card Fees	323,100	453,300	544,400
Ticketing System	520,400	536,200	544,000
Telecommunication Fees	256,000	236,100	229,200
Utilities	1,584,400	1,455,200	1,479,700
Materials & Supplies	63,300	93,800	85,500
Contracted Services	364,800	204,600	156,300
Repairs & Maintenance	2,033,500	963,000	1,214,800
Other	562,900	452,000	513,600
Total Non Event Expenses	**18,148,000**	**16,724,800**	**19,362,300**
Net Non Event Profit (Loss)	**(7,357,000)**	**(6,236,300)**	**(7,618,200)**
Net Income (Loss)	**(313,900)**	**312,900**	**1,908,200**

As shown, net event revenue at the venues has ranged from approximately $6.5 to $9.5 million over the past three years, while non-event revenues have ranged from approximately $9.3 million to $9.5 million. Net revenues from operations, excluding university transfers and debt payments, has ranged from approximately $2.1 million to $4.5 million over this period. After including non-operating items, net operations have ranged from a loss of $314,000 to $1.9 million in profit.

2.0 Historical Operating Analysis

Summary

Within this section, an overview of the current and historical operations of the TMC, Cox Pavilion and SBS has been presented. The following is a summary of the key findings of the historical operating analysis.

- The TMC is the largest indoor venue in Las Vegas. However, its premium seating, concert rigging and other physical characteristics are not up to the standards of newer arenas.
- Unlike most similar arenas, the TMC attracts unique events that generate significant hotel nights and related economic impacts for the Las Vegas market.
- UNLV athletic utilization places scheduling constraints on the facility's ability to attract additional events.
- A renovation of the TMC would present several challenges, require significant financial investment, and may be unable to provide all needed upgrades.
- Parking issues at the TMC will continue regardless of renovation.
- The capacity and amenities of SBS are generally sufficient to accommodate existing events. However, the stadium may need additional capacity to grow events and draw new events.
- Parking issues need to be addressed at SBS, particularly if seating capacity is increased.

3.0 Local Market Analysis

In order to assess the potential operations of a new Events Center in Las Vegas, it is important to understand the market in which the venue will operate, particularly the level of competition in the market and the demographics of potential Events Center patrons. Within this section, an overview of existing Las Vegas-area sports and entertainment venues that could compete with the proposed Events Center for events and spectators is presented. In addition, the key demographic characteristics of the Las Vegas area populace are analyzed and compared to those of other markets currently supporting arenas that are comparable to the proposed Events Center. Finally, trends related to the local tourism industry are discussed.

Competitive Facilities

Las Vegas is a unique entertainment market, with numerous venues offering a wide assortment of concerts, spectaculars, performing arts events and other such events. These offerings compete for the entertainment spending of area residents and tourists. The following table presents an overview of the major sports and entertainment venues in the Las Vegas area.

Major Las Vegas Sports & Entertainment Venues

Venue	Facility Type	Capacity	Event Focus
Las Vegas Motor Speedway	Speedway	156,000	Motorsports
Sam Boyd Stadium	Stadium	40,000	Football, Motorsports
Thomas and Mack Center	Arena	19,354	Sports, Concerts, Family Shows
MGM Grand Garden Arena	Arena	15,520	Concerts, boxing
Mandalay Bay Events Center	Arena	12,200	Concerts, boxing
Cashman Field	Stadium	9,300	Minor League Baseball
Orleans Arena	Arena	9,000	Minor League Hockey, Concerts, Family Shows
Aladdin Theatre for the Performing Arts	Theater	7,019	Concerts

Note: Includes venues with at least 5,000 seats

As shown, the Las Vegas market is home to eight facilities with capacities of at least 5,000 seats, including five indoor facilities and three outdoor venues. The market's outdoor venues generally have narrow event focuses, as the Las Vegas Motor Speedway hosts primarily motorsports events and Cashman Field is utilized primarily for the home games of the Class AAA Las Vegas 51's baseball team.

The market's indoor venues host a significantly broader range of events, including concerts, family shows, sporting events and other miscellaneous events. The TMC, MGM Grand Garden Arena, Mandalay Bay Events Center and Orleans Arena are the most similar to the proposed Events Center in terms of capacity, configuration and event focus.

3.0 Local Market Analysis

The extent to which TMC will compete with the proposed Events Center will depend on the operating priorities of the University. The University could place an emphasis on making the facility available for internal utilization, hosting minimal outside events. However, the University may choose to continue to pursue concerts and other such events.

Each of the remaining indoor venues included in the table are owned and operated by casinos, with each aggressively pursuing concerts and other such events. These casino-operated venues have an advantage over the TMC and the proposed new Events Center in that they are able to offer significantly higher financial incentives to concert acts to entice them to play their venues. Casino operators are willing to use concerts as "loss leaders" to attract visitors to stay in their hotels and spend money on gaming in their casinos. Publicly operated arenas do not have the ability to cover event losses through these means.

In addition to the large venues discussed herein, a large number of smaller theaters and performing arts venues are currently operating in the market, providing additional competition for the entertainment spending of Las Vegas residents and tourists. Many of these smaller venues are also operated by casinos, allowing them to offer the financial incentives required to attract major concert acts that would not generally play small venues in other markets.

The presence of numerous concert venues and the ability of casinos to offer financial incentives to concert acts makes Las Vegas a highly competitive concert market. The following table summarizes the market's primary concert venues, including capacity and average concerts hosted over the past three years.

Annual Concert Levels at Major Las Vegas Venues
As Reported by Pollstar

Venue	Capacity	Annual Concerts (1)	Average Attendance
Coliseum at Caesar's Palace	4,098	196	3,900
House of Blues	1,800	140	1,000
Las Vegas Hilton (2)	1,775	102	1,500
Mandalay Bay Events Center	12,200	28	6,300
Jillian's Las Vegas	760	21	400
MGM Grand Garden Arena	15,520	16	10,600
Aladdin Theatre for the Performing Arts	7,019	14	3,300
Thomas and Mack Center	19,354	11	7,600
Stardust	950	11	1,000
Mandalay Bay Theatre	1,714	7	2,300
Orleans Arena	9,000	7	4,600
Mandalay Bay Beach	2,700	6	2,300
Cox Pavilion	3,500	4	1,900
Sam Boyd Stadium	40,000	2	15,700

(1) Represents average annual concert performances over the past three years as reported to Pollstar.
(2) Hilton concert data is for the 2005 calendar year, the year in which Barry Manilow began a long term engagement with the venue.
Note: Concert performances for TMC, SBS and Cox Pavilion based on event lists provided by facility management.
Source: Pollstar

As shown, a number of Las Vegas venues host a significant number of concert performances on an annual basis. It should be noted that concert levels for some venues include performances by "in-house" acts with long-standing engagements with the venue, such as Celine Dion at the Coliseum at Caesar's Palace and Barry Manilow at the Las Vegas Hilton. However, many venues host primarily touring concert acts, and could compete with the proposed Events Center to attract those acts.

Demographic Analysis

An important component in assessing the potential success of an arena development project is the demographic and socioeconomic profile of the local market. The strength of a market in terms of its ability to support a sports and entertainment venue is measured in part by the size of the market area population and its spending characteristics. The following section summarizes a number of key demographic and socioeconomic characteristics of the Las Vegas region.

The analysis also presents comparisons of the Las Vegas market's demographics with those of other U.S. markets currently hosting arenas built since 1995, including NBA and NHL arenas as well as municipal arenas with capacities of 15,000 or greater that currently host minor league sports tenants. The analysis excludes markets with arenas that host both an NBA and NHL franchise, as these markets are generally not comparable to Las Vegas based on their significantly larger populations. The following table summarizes the markets included in the demographic comparisons.

Comparable Arena Overview

Arena	Location	Tenants	Market Population	Year Opened	Concert Capacity
Municipal					
BOK Center	Tulsa, OK	TBD	888,000	2008	18,041
Sprint Center	Kansas City, MO	TBD	1,934,400	2007	18,954
Wells Fargo Arena	Des Moines, IA	AHL	512,400	2005	15,654
Veterans Memorial Coliseum	Jacksonville, FL	WPHL	1,243,100	2003	18,000
Save Mart Center	Fresno, CA	ECHL, NCAA	866,500	2003	16,182
Qwest Center	Omaha, NE	NCAA, NCAA	806,100	2003	17,000
Ford Center	Oklahoma City, OK	CHL, af2	1,150,800	2002	16,000
Alltel Arena	N. Little Rock, AR	af2, NBDL	636,900	1999	19,000
Bi-Lo Center	Greenville, SC	ECHL	586,800	1998	15,000
Minor League Average			**958,333**		**17,100**
NHL Only					
Glendale Arena	Glendale, AZ *	Phoenix Coyotes	3,730,600	2003	17,500
Xcel Energy Center	St. Paul, MN *	Minnesota Wild	3,138,300	2000	18,064
Nationwide Arena	Columbus, OH	Columbus Blue Jackets	1,701,300	2000	18,137
RBC Center	Raleigh, NC	Carolina Hurricanes	922,300	1999	21,000
BankAtlantic Center	Sunrise, FL *	Florida Panthers	5,379,500	1998	19,088
St. Pete Times Forum	Tampa, FL	Tampa Bay Lightning	2,592,800	1996	19,758
Gaylord Entertainment Center	Nashville, TN	Nashville Predators	1,398,200	1996	17,500
HSBC Arena	Buffalo, NY	Buffalo Sabres	1,156,300	1996	18,500
NHL Only Average			**2,191,733**		**18,700**
NBA Only					
Charlotte Bobcats Arena	Charlotte, NC	Charlotte Bobcats	1,484,600	2005	18,504
FedEx Forum	Memphis, TN	Memphis Grizzlies	1,256,500	2004	17,441
Toyota Center	Houston, TX	Houston Rockets	5,239,500	2003	19,300
AT&T Center	San Antonio, TX	San Antonio Spurs	1,863,800	2002	18,000
Conseco Fieldhouse	Indianapolis, IN	Indiana Pacers	1,626,200	1999	18,500
American Airlines Arena	Miami, FL *	Miami Heat	5,379,500	1999	20,140
New Orleans Arena	New Orleans, LA	New Orleans Hornets	1,321,400	1999	17,000
Rose Garden	Portland, OR	Portland Trailblazers	2,082,000	1995	20,000
NBA Only Average			**2,531,688**		**18,600**

* Market has both NBA and NHL teams playing in separate facilities.
Source: CSL research, Claritas.

For purposes of this analysis, the demographics of each market have been evaluated utilizing each market's Core Based Statistical Area (CBSA). The CBSA is defined as an area with a concentrated population core, along with an adjacent territory with social and economic ties to the core. Las Vegas is located within the Las Vegas-Paradise CBSA, which consists of Clark County.

Population

The level of population from which sports and entertainment facilities will draw attendees can impact the events and attendance attracted to the facilities. The following exhibit summarizes the key population statistics of the Las Vegas CBSA.

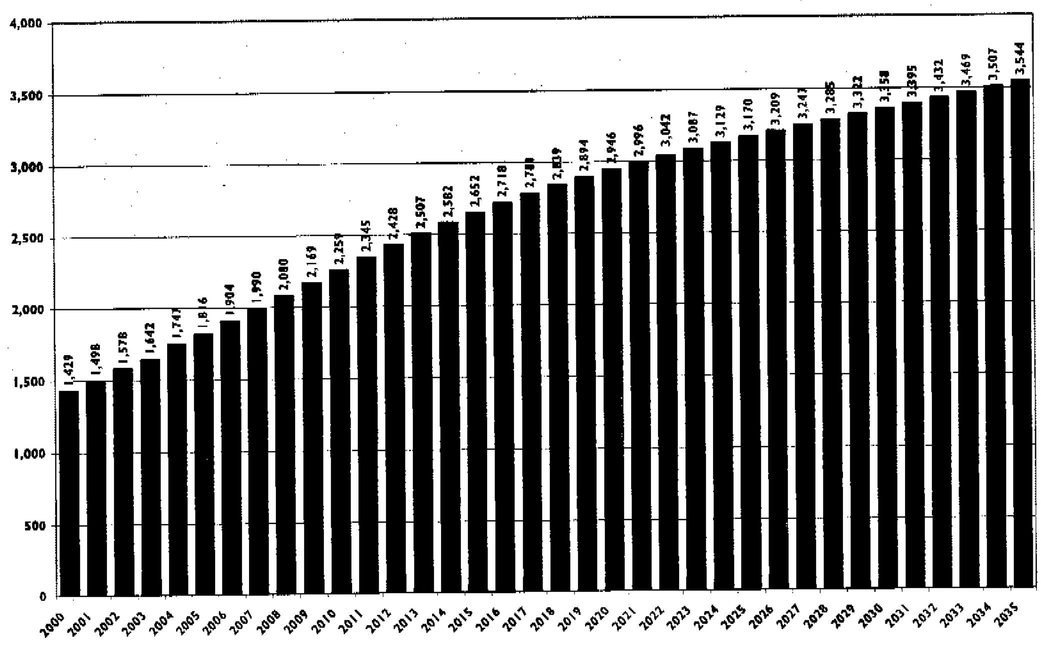
Las Vegas Population Statistics

	Las Vegas-Paradise CBSA	U.S.
2005 Population	1,815,700	292,937,000
2010 Population	2,258,748	307,116,000
CAGR 2005 - 2010	4.5%	0.9%

Soure: UNLV Center for Business & Economic Research
CAGR = Compound Annual Growth Rate

The Las Vegas-Paradise CBSA had a population of approximately 1.8 million in 2005. The market's population is projected to grow by approximately 4.5 percent annually over the next five years, five times the population growth rate of the U.S. as a whole. The following chart summarizes the projected growth of the CBSA population through 2035, based on estimates prepared by the UNLV Center for Business and Economic Research.

Las Vegas Projected Population Growth
2000 - 2035



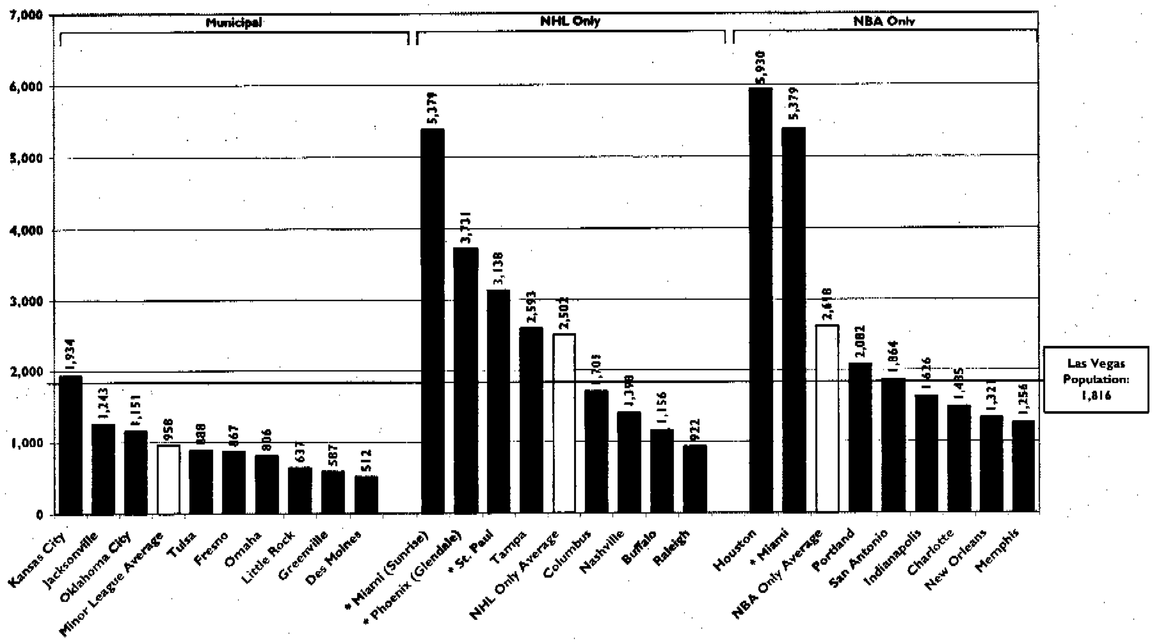
Note: All population figures are stated in 000's
Source: UNLV Center for Business and Economic Research

As shown, the strong population growth of Clark County is anticipated continue in future years, resulting in the County's population nearly doubling by the year 2035.

3.0 Local Market Analysis

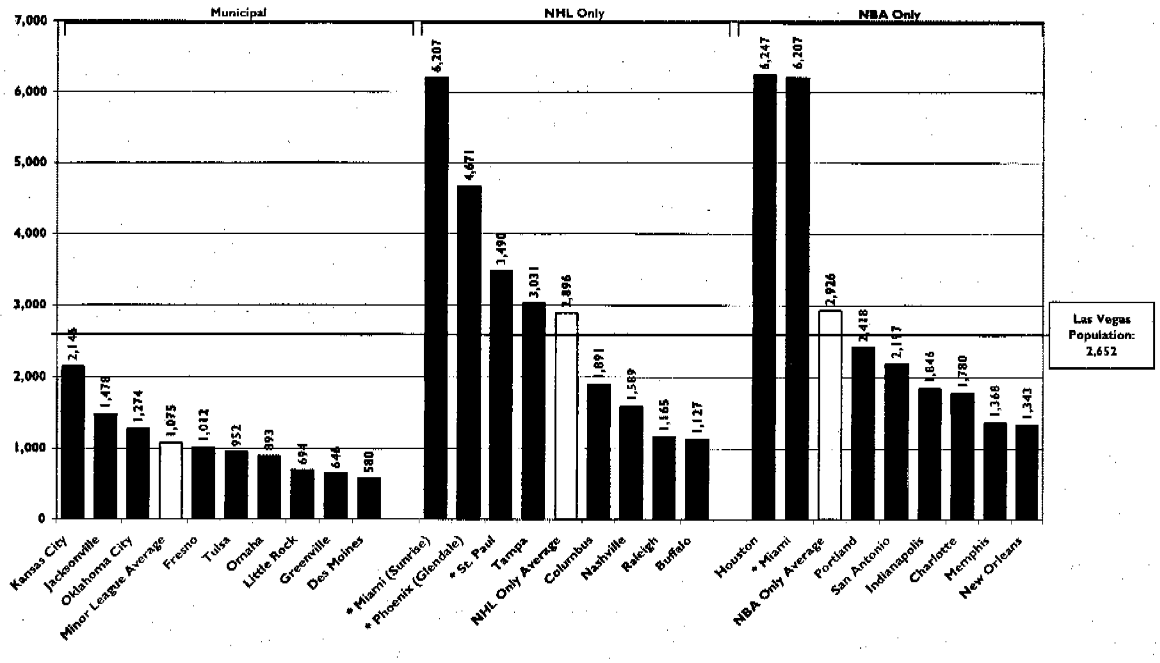
The following chart compares the Las Vegas market's population with the populations of the comparable facility markets.

Comparable Arena Market Demographics - Population



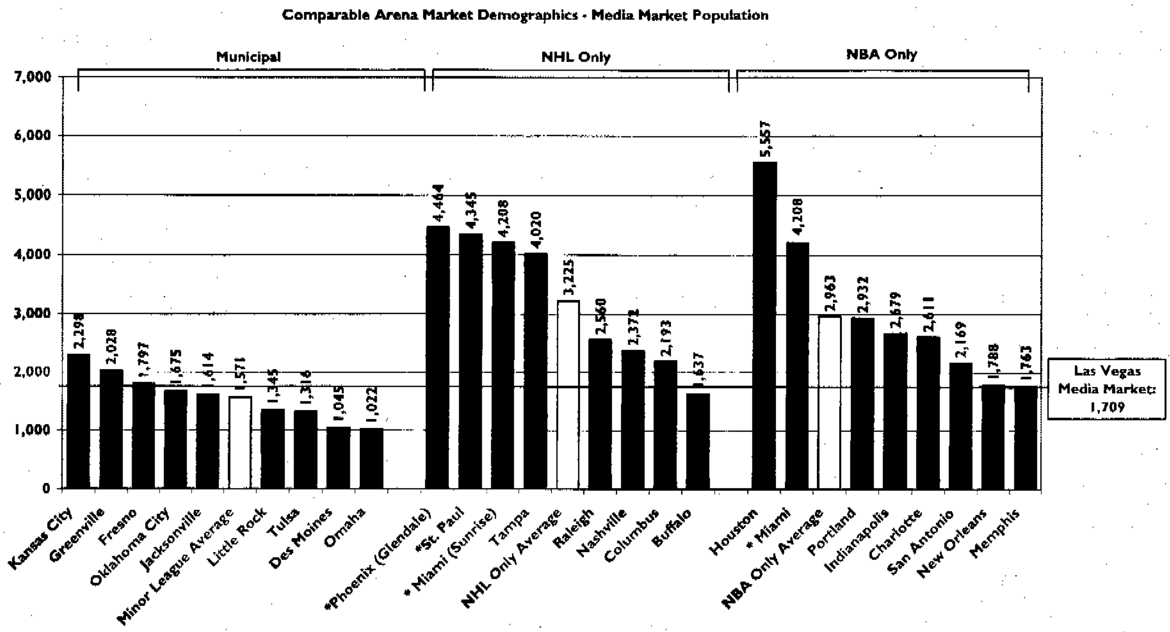
Las Vegas's population is above the average among the nine markets hosting large muncipal arenas opened since 1995. While the market's population is lower than the average among markets hosting recently built NBA or NHL arenas, several markets with similar populations, including Columbus, Portland, San Antonio and Indianapolis have developed NBA or NHL arenas in recent years. In addition, the population growth of the Las Vegas market is projected to outpace the growth experienced in most other markets. The following chart summarizes the 10-year population projection for each comparable arena market.

Comparable Arena Market Demographics - 10-Year Population Projection



As shown, due to the strong anticipated growth of the Las Vegas metropolitan area, its population is projected to draw nearer to the average among NBA and NHL arena markets, and is expected to be larger than the populations of markets such as Portland and San Antonio.

While the CBSA population analysis presented above provides a uniform comparison of the populations of each market, it is also important to consider the media market population of each market. This factor is particularly important to the NBA, NHL and other sports leagues. The following exhibit summarizes the Las Vegas media market population with those of the media markets in which the comparable arenas are located.



As shown, the Las Vegas media market currently has one of the smallest populations among comparable arena markets. However, its population is similar to the media markets of markets such as Columbus, New Orleans and Memphis, each of which has attracted a new NBA or NHL franchise in recent years. It should again be noted that the population growth of the Las Vegas region is projected to outpace the growth in the comparable arena markets.

Age

The age of a specific populace can impact the overall drawing power for the proposed development, particularly for spectator events held at the proposed Events Center. In general, the 18 to 34 year old age group is regarded in the spectator events industry as one of the groups that is most likely to attend sporting and other spectator events. The 35 to 54 year old age group is also regarded as a relatively strong market for these events. This age group also exhibits higher spending patterns than other age groups. A lower than average population concentration within these groups will not necessarily adversely affect the number of events hosted in the given market, but could potentially affect the type of programming that can work to maximize event potential at spectator facilities in the market. The following table summarizes the age distribution and median age of the Las Vegas-area population.

3.0 Local Market Analysis

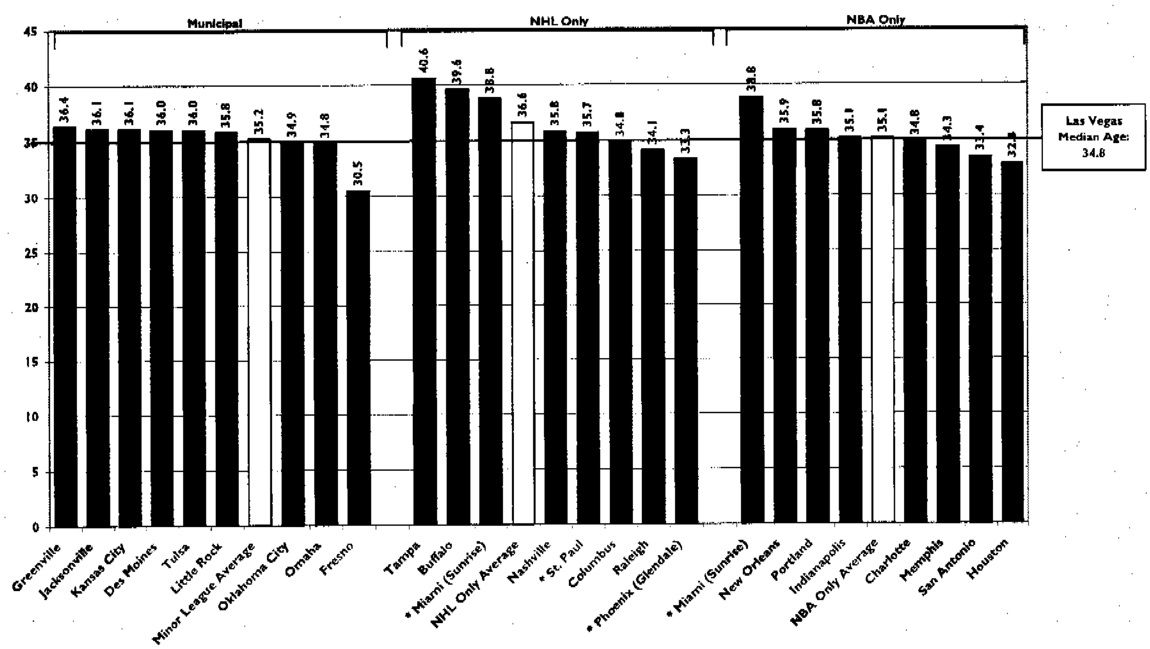
Las Vegas Age Statistics

	Las Vegas-Paradise CBSA	U.S.
Age Distribution:		
Under 15	14.7%	20.7%
15 to 24	14.0%	14.2%
25 to 34	15.5%	13.6%
35 to 44	17.1%	15.3%
45 to 54	14.4%	14.1%
55 and over	24.4%	22.1%
Median Age	34.8	36.0

Source: Claritas

The Las Vegas market population is relatively young in comparison to the nation as a whole. Specifically, the median age of the Las Vegas market is approximately 2.2 years younger than the national median. The Las Vegas market has relatively strong percentages of the population in the key age ranges of 15 to 34 and 35 to 54 in comparison with the national average. The following chart compares the median age within each comparable arena market.

Comparable Arena Market Demographics - Median Age



The median age of the Las Vegas market is younger than the average among each of the three types of comparable facility markets. The relatively young age of the Las Vegas populace is a strong indicator of future growth in the market.

Household Income

Household income is an important socioeconomic variable that can be indicative of the potential success of sports and entertainment venues. Household income can be used as a surrogate measure for the ability to purchase tickets, premium seating and other such items at sports facilities. The following table summarizes the key household income variables of the Las Vegas market area.

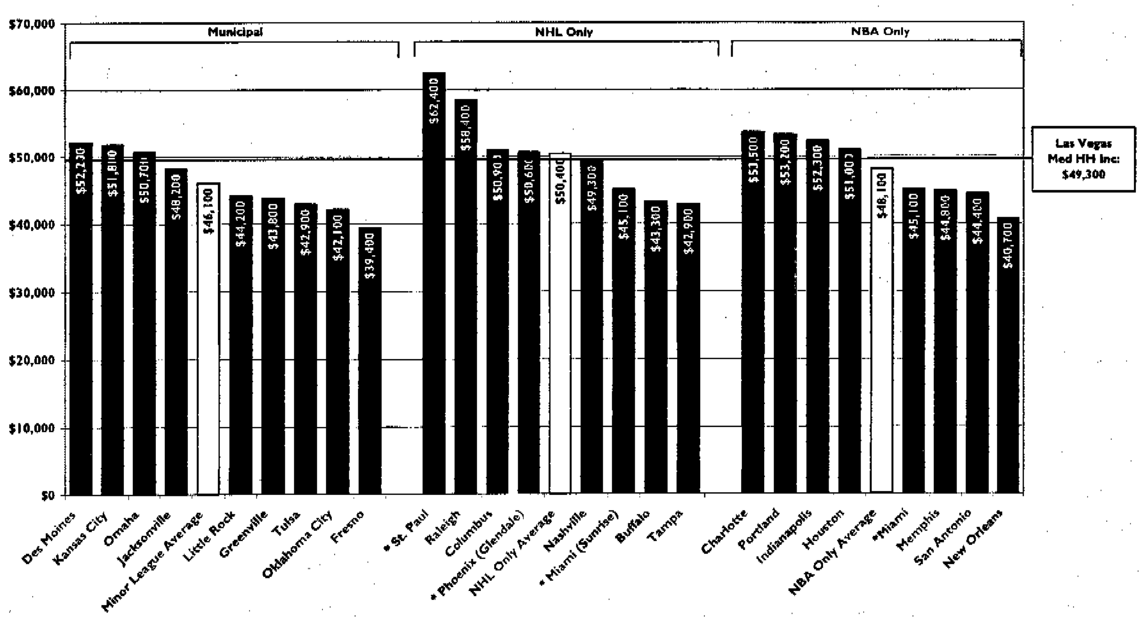
Las Vegas Household Income Statistics

	Las Vegas-Paradise CBSA	U.S.
Household Income Distribution:		
Under $25,000	21.9%	26.0%
$25,000 to $49,999	29.3%	27.7%
$50,000 to $74,999	21.2%	19.1%
$75,000 to $99,999	12.3%	11.6%
Over $100,000	15.1%	15.7%
Median Household Income	$49,300	$46,500
Average Household Income	$64,100	$63,300

Source: Claritas

Household income levels in the Las Vegas market area are generally higher than the national median and average, with lower proportions of households having annual incomes of under $25,000. The percentage of households with incomes in excess of $100,000 is near the national average. The following chart compares the median household income of the Las Vegas market with those of the comparable arena markets.

Comparable Arena Market Demographics - Median Household Income



3.0 Local Market Analysis

The Las Vegas market's median household income of $49,300 is above the average of markets hosting comparable municipal and NBA-only arenas and is near the average among NHL-only arena markets.

Corporate Inventory

Local corporations play a significant role in supporting the arenas by purchasing private suites, season tickets and advertising/sponsorship opportunities. The following table summarizes the corporate inventory of the Las Vegas CBSA, including all corporate headquarters with at least 25 employees and $5.0 million in annual sales and corporate branches with at least 25 employees.

Las Vegas-Paradise CBSA Corporate Inventory

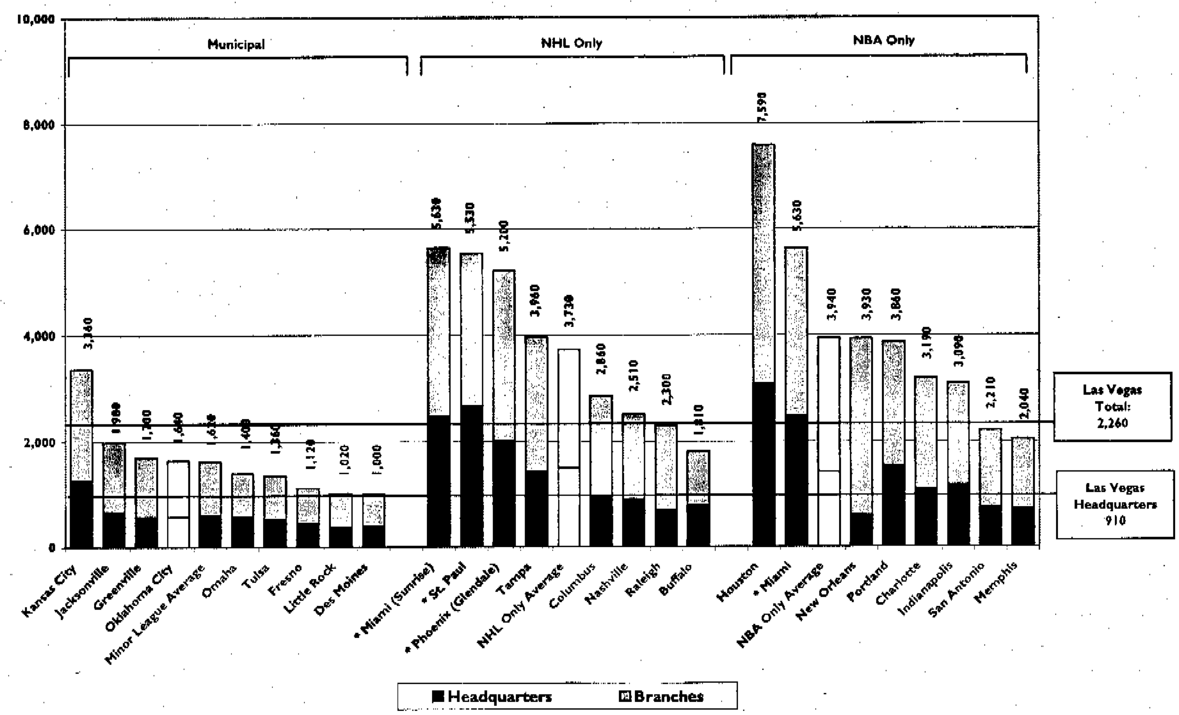
Annual Sales (in millions)	Number of Headquarters	Subtotal
$2,000.0 or more	3	3
$1,500.0 - $1,999.9	2	5
$1,000.0 - $1,499.9	6	11
$750.0 - $999.9	3	14
$500.0 - $749.9	3	17
$250.0 - $499.9	15	32
$100.0 - $249.9	42	74
$50.0 - $99.9	63	137
$25.0 - $49.9	139	276
$10.0 - $24.9	263	539
$5.0 - $9.9	371	910
Total Headquarters	**910**	
Corporate Branches	1,352	
Total	**2,262**	

Note: Includes only corporate headquarters and branches with at least 25 employees.
Source: Dun & Bradstreet.

As shown, the Las Vegas CBSA has a total of approximately 900 corporate headquarters with at least 25 employees and $5.0 million in annual sales. The Las Vegas market is also home to approximately 1,400 corporate branches with 25 or more employees, resulting in a total corporate inventory of approximately 2,300.

The following chart compares the inventory of corporate headquarters and branches with at least 25 employees in each comparable arena market. It should be noted that the corporate headquarter inventories in the chart include only organizations with at least $5.0 million in annual sales.

Comparable Arena Market Demographics - Corporate Inventory



The Las Vegas corporate inventory is higher than all but one market hosting a comparable municipal arena, but is below the average among comparable NBA and NHL arena markets. However, the Las Vegas market's corporate inventory is within the range of inventories among markets hosting comparable NBA and NHL facilities.

Employment by Industry

An analysis of the distribution of employment by major industry can serve indicator of the strength of the local market's economy by providing insight as to the major drivers behind employment and commerce in the market. The following table presents a summary of employment by industry in the Las Vegas market.

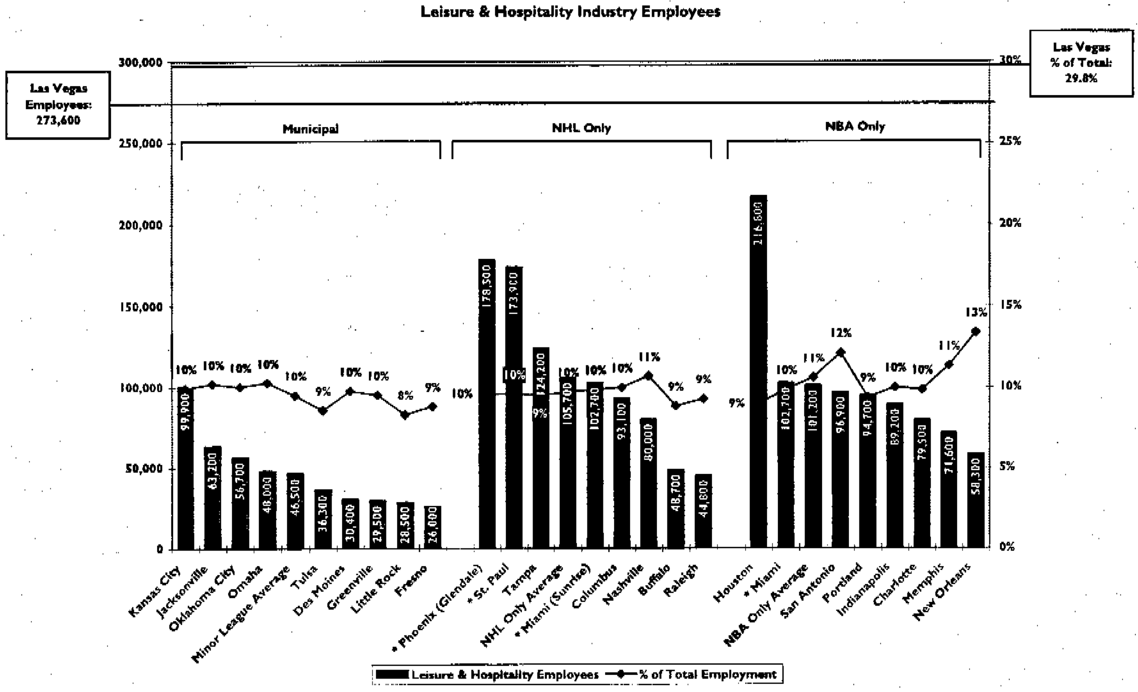
Las Vegas-Paradise CBSA Employment by Industry

	Las Vegas CBSA		United States	
Industry	Total Employees	Percent of Total	Total Employees	Percent of Total
Leisure & Hospitality	273,600	29.8%	13,035,000	9.6%
Trade, Transportation & Utilities	155,400	16.9%	26,050,000	19.3%
Professional & Business Services	113,300	12.3%	17,313,000	12.8%
Construction	111,500	12.1%	7,497,000	5.5%
Government	89,100	9.7%	21,939,000	16.2%
Education & Health Services	60,300	6.6%	17,702,000	13.1%
Financial Activities	52,300	5.7%	8,310,000	6.1%
Manufacturing	26,400	2.9%	14,256,000	10.5%
Other Services	26,300	2.9%	5,402,000	4.0%
Information	10,600	1.2%	3,060,000	2.3%
Natural Resources & Mining	400	0.0%	672,000	0.5%
Total Non-Farm Employees	**919,200**		**135,236,000**	

Source: US Department of Labor Bureau of Labor Statistics

The leisure and hospitality industry is the primary employment sector in the Las Vegas market, employing approximately 30 percent of the total workforce. In comparison, approximately 10 percent of all U.S. workers are employed in the leisure and hospitality industry. The following chart compares the number and percentage of Las Vegas-area employment attributed to the leisure and hospitality industry with those of each comparable arena market.

Leisure & Hospitality Industry Employees



3.0 Local Market Analysis

The leisure and hospitality industry is responsible for a significantly greater portion of the workforce in Las Vegas compared to any other comparable arena market, both in terms of total employees and percent of total employment. This could have a negative impact on the ability of many residents to attend NBA or NHL games at the new Events Center, as a relatively high proportion of the workforce is likely to be working during weekday evenings and weekends when games take place. In markets with more traditional workforce characteristics, the majority of the workforce is available to attend games at these times.

Tourism Industry

In addition to Las Vegas residents, the proposed Events Center could draw a significant portion of its attendance from out-of-town visitors. Therefore, the strength of the local tourism industry could impact the event and attendance levels achieved by the facility. Detailed information on key tourism industry trends is presented in Appendix C.

Local Market Summary

Within this section, the competitive environment, demographics and tourism industry trends of the Las Vegas market have been analyzed. In addition, comparisons of the Las Vegas market's key demographic characteristics with those of markets hosting arenas comparable to the proposed new Events Center were discussed. The following is a summary of the key findings of the local market analysis.

- The Las Vegas market is home to a number of sports and entertainment venues. However, TMC is the largest indoor venue in the market.
- The Las Vegas metropolitan area is anticipated to experience strong population growth in future years, with current population projected to nearly double by 2035.
- The median age of Las Vegas-area residents is more than one year younger than the national average, with a relatively higher proportion of the population aged 25 to 44.
- Las Vegas' median household income is higher than the majority of municipal arena markets falls well within the range of NHL-only and NBA-only markets with recently developed arenas.
- The presence of a younger, relatively affluent population in the Las Vegas area could make it a strong market for club seats and other upscale amenities.
- Las Vegas' corporate inventory is also strong relative to comparable municipal arena markets, and is within the range of the NHL-only markets with arenas built since 1995.
- Nearly 30 percent of Las Vegas's employment is derived from the leisure and hospitality industry, compared to less than 10 percent of the national workforce.

3.0 Local Market Analysis

- Overall, the Las Vegas market's demographics are generally comparable to those of many NHL-only and NBA-only markets hosting recently built arenas.
- Key tourism indicators such as hotel occupancy, gaming revenues and airline passengers have demonstrated steady growth over the past several years. In addition, major investments are being made in hotel and condominium development, an indication that the strong growth of the Las Vegas tourism market is anticipated to continue in future years.

4.0 Industry Trends and Standards

In order to evaluate the current amenities and operations of the TMC and to develop assumptions and estimates related to the proposed new Events Center, it is helpful to gain an understanding of trends related to arena development in recent years. An evaluation of the physical and operations characteristics of recently built arenas assists in identifying relative strengths and weaknesses of the TMC and in developing recommendations and estimates related to the physical and operational parameters of the new Events Center.

Within this section, information related to the physical and operational characteristics of a number of arenas opened since 1995 is presented. The arenas discussed herein include facilities with capacities of at least 15,000 hosting only minor league sports tenants as well as arenas with NBA or NHL tenants. Facilities hosting both NBA and NHL franchises have been excluded from the analysis, as these arenas are typically located in significantly larger markets and do not exhibit comparable operating characteristics in comparison with single tenant arenas.

In addition to the analysis of comparable arenas, this section provides an analysis of recent trends related to the operations of the NBA and NHL, including attendance, ticket pricing, arena development trends and other such information. This information is helpful in evaluating Las Vegas as a potential NBA or NHL market and in developing recommendations concerning the physical amenities that should be incorporated into a renovated TMC or a new Events Center in order to attract an NBA or NHL franchise.

Comparable Facility Analysis

The following table provides an overview of the comparable arenas discussed in this section. The table also lists the name of each market's primary arena prior to the opening of the new facility, as well as the year the former building opened, providing information regarding the age at which arenas have been replaced in comparable markets.

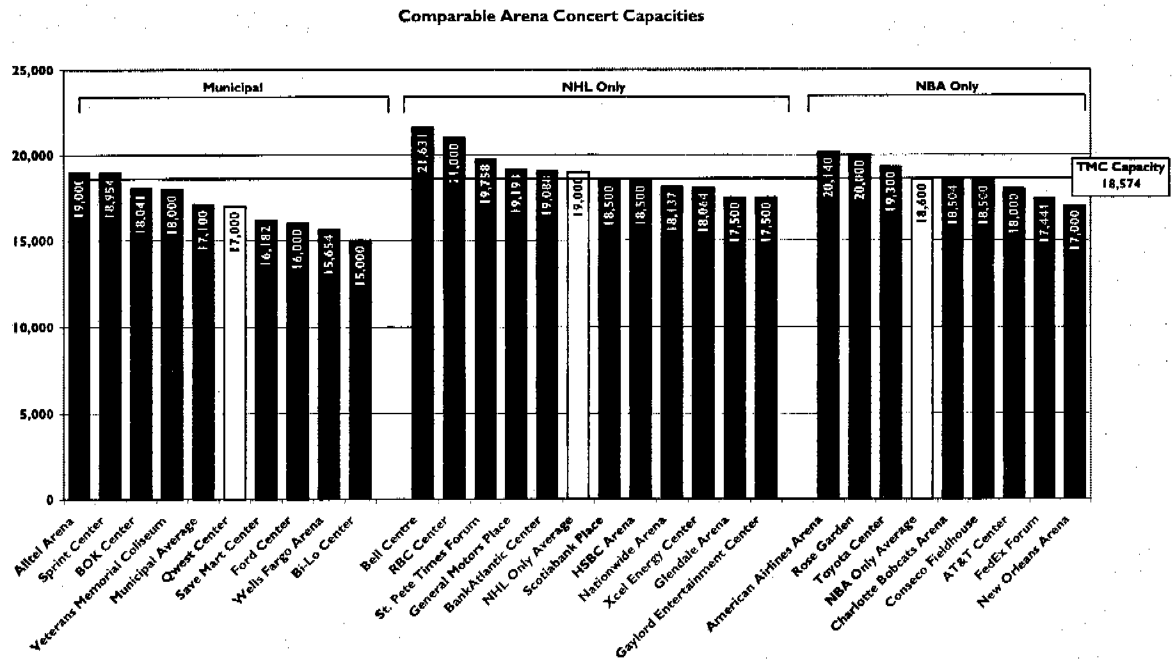
4.0 Industry Trends and Standards

Comparable Arena Overview

Arena	Location	Year Opened	Concert Capacity	Owner	Operator	Former Arena	Year Opened	Age at Replacement
NHL Only								
Glendale Arena	Glendale, AZ	2003	17,500	City	Team	n/a	n/a	n/a
Xcel Energy Center	St. Paul, MN	2000	18,064	City	Team	St. Paul Civic Center	1973	27
Nationwide Arena	Columbus, OH	2000	18,137	Nationwide	SMG	Fairgrounds Coliseum	1919	81
RBC Center	Raleigh, NC	1999	21,000	Authority	Team	Dorton Arena	1952	47
BankAtlantic Center	Sunrise, FL	1998	19,088	County	SMG	Miami Arena	1988	10
Bell Centre	Montreal, PQ	1996	21,631	Team	Team	Montreal Forum	1924	72
Scotiabank Place	Ottawa, ON	1996	18,500	Team	Team	Civic Centre Arena	1968	28
St. Pete Times Forum	Tampa, FL	1996	19,758	Authority	Team	Thunderdome	1990	6
Gaylord Entertainment Center	Nashville, TN	1996	17,500	City	Team	Municipal Auditorium	1962	34
HSBC Arena	Buffalo, NY	1996	18,500	City & County	Centre Management	Buffalo Memorial Auditorium	1940	56
General Motors Place	Vancouver, BC	1995	19,193	Team	Team	Pacific Coliseum	1967	28
NHL Only Average			19,000					39
NBA Only								
Charlotte Bobcats Arena	Charlotte, NC	2005	18,504	City	Team	Charlotte Coliseum	1988	17
FedEx Forum	Memphis, TN	2004	17,441	Authority	Team	The Pyramid	1991	13
Toyota Center	Houston, TX	2003	19,300	Authority	Team	Compaq Center	1975	28
AT&T Center	San Antonio, TX	2002	18,000	County	SMG	Alamodome	1993	9
Conseco Fieldhouse	Indianapolis, IN	1999	18,500	City	Team	Market Square Arena	1974	25
American Airlines Arena	Miami, FL	1999	19,600	City & County	Team	Miami Arena	1988	11
New Orleans Arena	New Orleans, LA	1999	17,000	Louisiana Expo District	SMG	N.O. Municipal Auditorium	1930	69
Rose Garden	Portland, OR	1995	20,000	Team	Global Spectrum	Memorial Coliseum	1960	35
NBA Only Average			18,500					26
Municipal								
BOK Center	Tulsa, OK	2008	18,041	City	SMG	Tulsa Conv. Ctr. Arena	1962	46
Sprint Center	Kansas City, MO	2007	18,954	City	AEG	Kemper Arena	1974	33
Wells Fargo Arena	Des Moines, IA	2005	15,654	County	Global Spectrum	Veterans Memorial Arena	1955	50
Veterans Memorial Coliseum	Jacksonville, FL	2003	18,000	City	SMG	Jacksonville Coliseum	1960	43
Save Mart Center	Fresno, CA	2003	16,182	Fresno St. U.	SMG	Selland Arena	1966	37
Qwest Center	Omaha, NE	2003	17,000	City	MECA	Omaha Civic Auditorium	1954	49
Ford Center	Oklahoma City, OK	2002	16,000	City	SMG	Myriad Arena	1972	30
Alltel Arena	N. Little Rock, AR	1999	19,000	County	County	Barton Coliseum	1954	45
Bi-Lo Center	Greenville, SC	1998	15,000	Auditorium District	Volume Services	Memorial Auditorium	1959	39
Municipal Average			17,100					41

As shown, a total of 28 arenas are included in the analysis presented herein, including nine municipal arenas, 11 arenas with an NHL tenant and eight arenas with an NBA tenant. The remainder of this section provides information related to capacity, square footage, premium seating, event levels and other key characteristics of each of these arenas.

The capacity of an arena plays a key role in the types of tenant and non-tenant events the facility can attract. In order to host franchises in major sports leagues such as the NBA or NHL, an arena must have a capacity large enough to accommodate the relatively high demand for tickets for those teams. Conversely, arenas hosting only minor league tenants typically do not require such large capacities to accommodate demand for tenant events. In these cases, the appropriate capacity is often based primarily on the number and types of concerts and other major non-tenant events the arena hosts. The following chart compares the concert capacities of each comparable arena.



As shown, the TMC's concert capacity is larger than the average of the municipal arenas included in the analysis, and is similar to the average among the NHL and NBA arenas opened since 1995. Based on this analysis, the TMC's seating capacity may be large enough to accommodate an NBA or NHL franchise. However, the facility lacks many of the amenities and features typically incorporated into modern NBA and NHL arenas, as will be discussed further within this section.

Premium Seating

Premium seating represents a major revenue source for many arenas. Offerings such as suites and club seats command a premium price in comparison to general tickets and provide an option for corporations and individuals who desire a more upscale environment.

Many recently built arenas at the municipal, professional and collegiate levels have capitalized on the popularity of premium seating by incorporating higher premium seating inventories with more upscale offerings than are offered at older facilities. The following exhibit summarizes the inventory and pricing of premium seating at the comparable arenas.

Premium Seating at Comparable Arenas

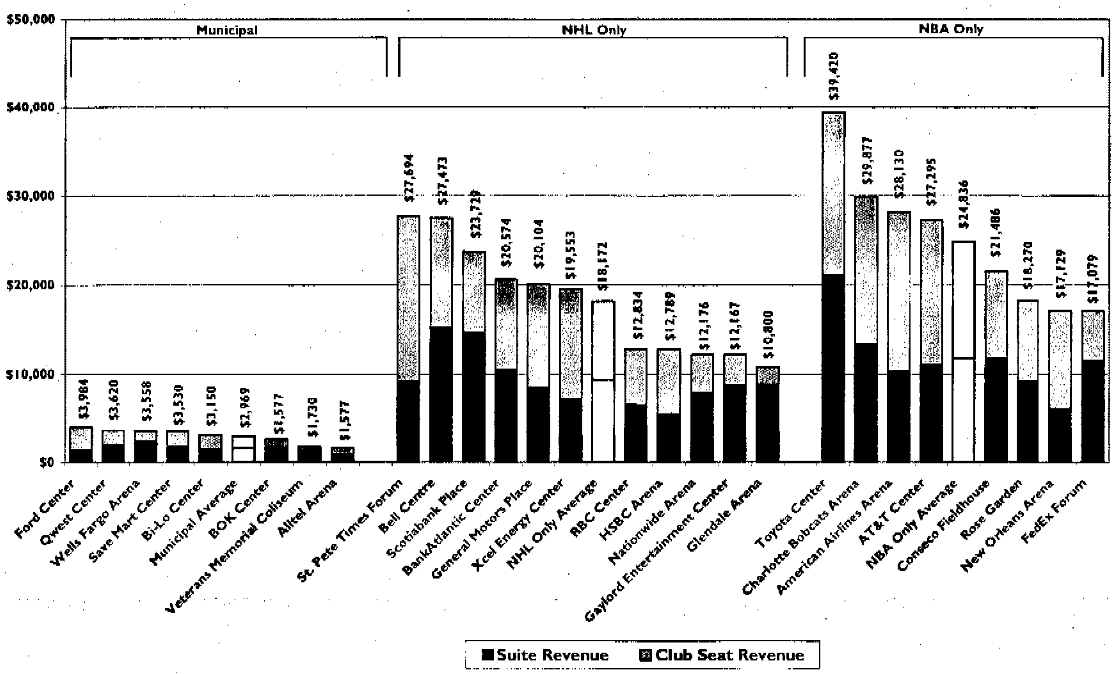
Arena	Suite Inventory	Average Annual Fee	Club Seat Inventory	Average Annual Fee	Potential Annual Revenue
Municipal					
Ford Center	48	$28,000	3,300	$800	$3,984,000
Qwest Center	32	60,000	1,000	1,700	3,620,000
Wells Fargo Arena	36	68,000	600	1,850	3,558,000
Save Mart Center	32	55,000	1,180	1,500	3,530,000
Bi-Lo Center	30	50,000	1,000	1,650	3,150,000
BOK Center	34	50,000	600	1,500	2,600,000
Veterans Memorial Coliseum	28	50,000	1,100	300	1,730,000
Alltel Arena	32	27,400	2,000	350	1,577,000
Sprint Center (1)	72	125,000	1,700	TBD	TBD
Municipal Average	**38**		**1,300**		**$2,969,000**
NHL Only					
St. Pete Times Forum	79	$116,000	4,412	$4,200	$27,694,000
Bell Centre	135	113,000	2,656	4,600	27,473,000
Scotiabank Place	147	100,000	2,376	3,800	23,729,000
BankAtlantic Center	74	142,000	2,804	3,590	20,574,000
General Motors Place	88	96,000	2,216	5,260	20,104,000
Xcel Energy Center	66	108,000	3,500	3,550	19,553,000
RBC Center	58	113,000	2,000	3,140	12,834,000
HSBC Arena	80	69,000	2,450	2,967	12,789,000
Nationwide Arena	76	104,000	1,200	3,560	12,176,000
Gaylord Entertainment Center	72	122,000	1,100	3,075	12,167,000
Glendale Arena	98	90,000	400	4,950	10,800,000
NHL Only Average	**88**		**2,300**		**$18,172,000**
NBA Only					
Toyota Center	94	$225,000	2,900	$6,300	$39,420,000
Charlotte Bobcats Arena	147	91,000	2,200	7,500	29,877,000
American Airlines Arena	81	127,000	1,170	15,250	28,130,000
AT&T Center	55	201,000	2,030	8,000	27,295,000
Conseco Fieldhouse	69	171,000	2,590	3,740	21,486,000
Rose Garden	67	138,000	1,794	5,030	18,270,000
New Orleans Arena	56	109,000	2,450	4,500	17,129,000
FedEx Forum	139	83,000	1,600	3,464	17,079,000
NBA Only Average	**89**		**2,100**		**$24,836,000**

(1) The Sprint Center does not currently have an NHL or NBA tenant, but its suite price is based on the assumption that a major franchise will be playing in the new arena when it opens.

4.0 Industry Trends and Standards

As shown in the previous table, municipal arenas typically incorporate an average of 38 suites and 1,300 club seats, while NHL and NBA facilities average approximately 88 and 89 suites, respectively and 2,300 and 2,100 club seats, respectively. The following chart summarizes the total potential revenue from suites and club seats at the comparable arenas discussed herein. The Sprint Center has been excluded from the chart, as club seat prices and potential revenues have yet to be determined.

Potential Annual Premium Seating Revenue
(in 000's)



As shown, the average comparable municipal arena has the potential to generate approximately $3.0 million in annual gross premium seating revenue, compared to average potential revenue of $18.2 million at NHL arenas and $24.8 million at NBA arenas. The results of this analysis highlight one of the key differences in the potential operations and profitability of a new or renovated arena that continues to host only minor league and collegiate tenants as opposed to an arena that attracts a major league franchise to Las Vegas.

Naming Rights

Many arenas and other public assembly facilities generate significant revenues through the sale of facility naming rights. Under a naming rights agreement, a corporation typically makes a specified annual payment in exchange for the corporation's name being attached to the facility. In addition, the corporate partner often receives added amenities, such as a private suite, event tickets, arena signage and broadcast advertising. The following table summarizes the annual naming rights revenues received by comparable arenas for whose naming rights terms have been made public.

Naming Rights Agreements at Comparable Arenas
Sorted by Average Annual Value

Arena	Location	Total Value	Term	Annual Average
Municipal				
Qwest Center	Omaha, NE	14,000,000	15	933,000
Wells Fargo Arena	Des Moines, IA	11,500,000	20	575,000
BOK Center	Tulsa, OK	11,000,000	20	550,000
Ford Center	Oklahoma City, OK	8,100,000	15	540,000
Alltel Arena	Little Rock, AR	7,000,000	15	467,000
Bi-Lo Center	Greenville, SC	3,000,000	10	300,000
Municipal Average		**$9,100,000**	**16**	**$560,800**
NHL Only				
Gaylord Entertainment Center	Nashville, TN	80,000,000	20	4,000,000
Xcel Energy Center	St. Paul, MN	75,000,000	25	3,000,000
St. Pete Times Forum	Tampa, FL	33,000,000	12	2,750,000
Bell Centre	Montreal, PQ	45,600,000	20	2,280,000
General Motors Place	Vancouver, BC	19,000,000	20	950,000
HSBC Arena	Buffalo, NY	24,000,000	30	800,000
NHL Only Average		**$46,100,000**	**21**	**$2,296,700**
NHL Only				
FedEx Forum	Memphis, TN	90,000,000	20	4,500,000
Toyota Center	Houston, TX	100,000,000	20	5,000,000
AT&T Center	San Antonio, TX	42,000,000	20	2,100,000
Conseco Fieldhouse	Indianapolis, IN	40,000,000	20	2,000,000
American Airlines Arena	Miami, FL	42,000,000	20	2,100,000
NBA Only Average		**$62,800,000**	**20**	**$3,140,000**

Arenas with major professional sports tenants typically procure significantly larger naming rights revenues compared to facilities with no major league tenants due to factors such as the increased national exposure generated by a major sports franchise playing in the arena and the size of the markets in which NBA and NHL facilities are located.

Construction Cost/Funding

Among the primary considerations in the potential development of a new arena are the construction costs and associated funding mechanisms to be used to construct the facility. In order to provide an understanding of several recent arena development projects, the following table summarizes the total construction costs and the portion of costs covered by public and private sector revenue streams. All dollar figures are stated in 2006 dollars and have been adjusted to reflect the estimated project cost if the facility were built in Las Vegas based on the relative building cost indices of each market. Only arenas hosting NHL or NBA tenants have been included in the table, as it is assumed that a new Events Center in Las Vegas would be built to the specifications of recently built arenas hosting an NHL or NBA franchise. Therefore, these arenas and their associated costs are most comparable to the proposed Events Center.

Comparable Arena Funding Summary
(U.S. Facilies Only)

Facility	Location	Year Opened	Total Cost	Adjusted Cost (1)	Amount Private	Amount Public	Percentage Private	Percentage Public
NHL-Only								
Gaylord Entertainment Center	Nashville, TN	1996	$157.6	$378.5	$0.0	$378.5	0%	100%
Glendale Arena	Glendale, AZ	2003	207.0	297.6	38.7	258.9	13%	87%
BankAtlantic Center	Sunrise, FL	1998	217.7	453.0	95.1	357.8	21%	79%
Xcel Energy Center	St. Paul, MN	2000	170.0	242.5	63.1	179.5	26%	74%
RBC Center	Raleigh, NC	1999	176.3	389.1	124.5	264.6	32%	68%
St. Pete Times Forum	Tampa, FL	1996	153.0	366.6	157.7	209.0	43%	57%
HSBC Arena	Buffalo, NY	1996	127.5	261.2	148.9	112.3	57%	43%
Nationwide Arena	Columbus, OH	2000	166.0	275.2	247.6	27.5	90%	10%
NHL Only Average			**$171.9**	**$333.0**	**$109.4**	**$223.5**	**35%**	**65%**
NBA-Only								
Toyota Center	Houston, TX	2003	$308.0	$445.4	$22.3	$423.1	5%	95%
FedEx Forum	Memphis, TN	2004	269.9	360.6	21.6	338.9	6%	94%
Charlotte Bobcats Arena	Charlotte, NC	2005	265.0	384.0	49.9	334.1	13%	87%
Conseco Fieldhouse	Indianapolis, IN	1999	236.0	421.9	54.8	367.0	13%	87%
AT&T Center	San Antonio, TX	2002	176.8	291.2	90.3	200.9	31%	69%
American Airlines Arena	Miami, FL	1999	283.4	548.5	268.8	279.8	49%	51%
Rose Garden	Portland, OR	1995	260.1	564.1	490.7	73.3	87%	13%
NBA Only Average			**$257.0**	**$430.8**	**$142.6**	**$288.2**	**29%**	**71%**
Average - All Arenas			**$211.6**	**$378.6**	**$124.9**	**$253.7**	**32%**	**68%**

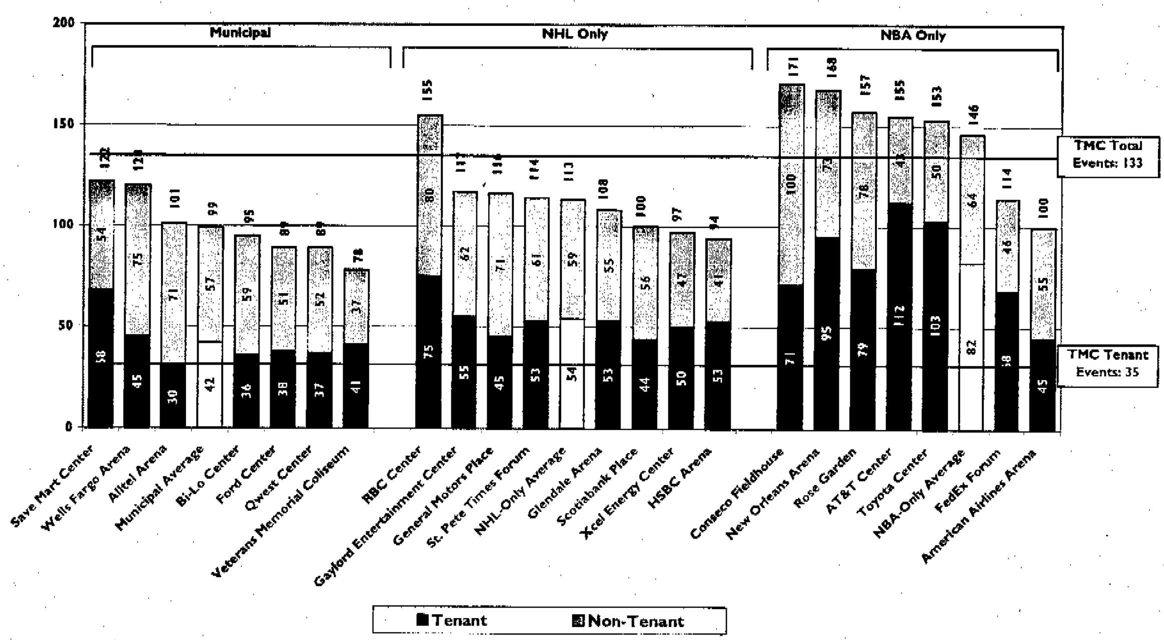
(1) Adjusted to 2006 dollars assuming an annual inflation rate of 7.5 percent for construction costs, and adjusted to represent the estimated cost if the facility were built in Las Vegas based on the relative building cost indices for each market.

As shown, the average comparable major league arena was constructed at a cost of approximately $378.6 million in 2006 dollars, adjusted to reflect the Las Vegas building cost index. An average of 68 percent of arena construction costs, or $253.7 million per arena, were funded by the public sector.

Event Levels

The number and types of events hosted by an arena depend on a number of variables, including tenant franchises, market size, level of competition for events and other such factors. The following table summarizes annual tenant and non-tenant event levels at comparable arenas. Because the Sprint Center and BOK Center have not yet opened, they have been excluded from the chart. In addition, event lists were not available for the Bell Centre, BankAtlantic Center and Nationwide Arena.

Annual Event Levels at Comparable Arenas



The TMC's historical event levels are relatively strong in comparison to events held at comparable municipal arenas and facilities hosting NHL franchises, and are within the range of event levels at NBA arenas, despite the relatively low number of tenant events hosted by the TMC. This indicates that the TMC has been relatively successful in attracting non-tenant event utilization.

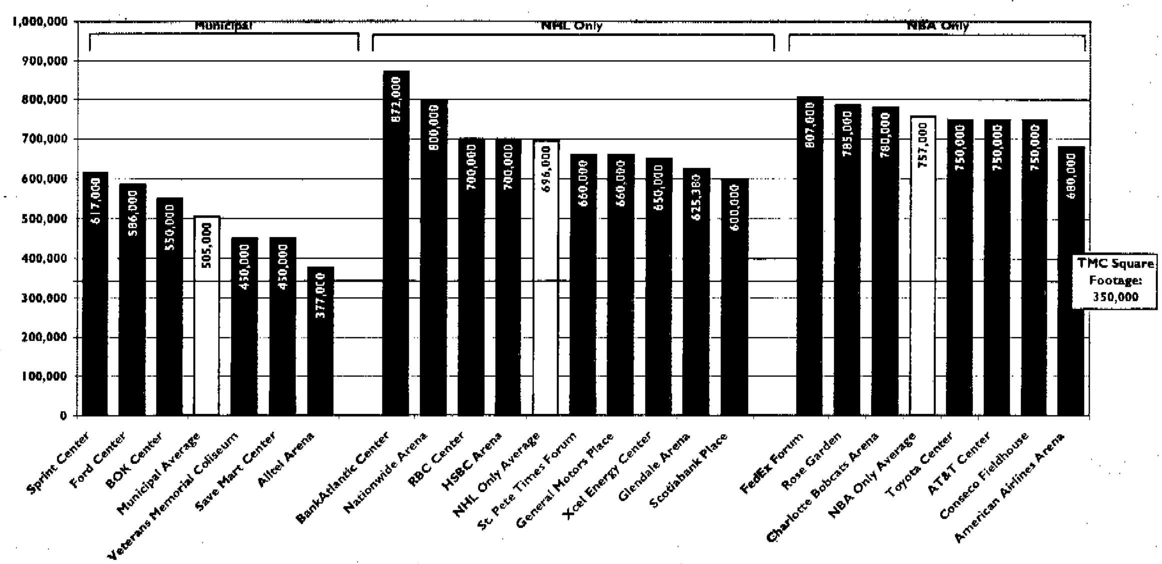
Square Footage

Many state-of-the-art arenas occupy larger footprints incorporate more square footage in proportion to capacity compared to older facilities. The additional space is necessary to accommodate several of the amenities typically found in modern arenas, including:

- Wider concourses;
- Plazas and grand entry areas;
- Suites, clubs and other premium spaces;
- Additional and larger locker rooms, team areas and dressing rooms;
- Additional move-in and storage space;
- Retail stores; and,
- Other such amenities.

To illustrate the size of modern arenas in terms of total square footage incorporated into the facilities, the following chart compares the total square footage of several comparable arenas. It should be noted that the Qwest Center and Wells Fargo Arena have been excluded from the exhibit, as both facilities are part of large convention center developments.

Comparable Arena Square Footage



As shown, with a total area of approximately 350,000 square feet, the TMC falls well below comparable NHL and NBA facilities in terms of overall size. Each of the recently built municipal facilities discussed herein is larger than the TMC, with an average of approximately 505,000 square feet.

Comparable Arena Summary

Based on comparisons with recently built municipal, NBA and NHL arenas, the TMC appears to be successful in attracting a strong level of events. However, the facility lacks many of the amenities associated with more modern arenas constructed in other markets in recent years. The TMC's suite inventory is similar to the inventories found in many municipal arenas, but is significantly lower than the inventory typically incorporated into new NBA and NHL arenas. Further, the TMC lacks club seating, which is a major revenue generator at modern NBA and NHL venues.

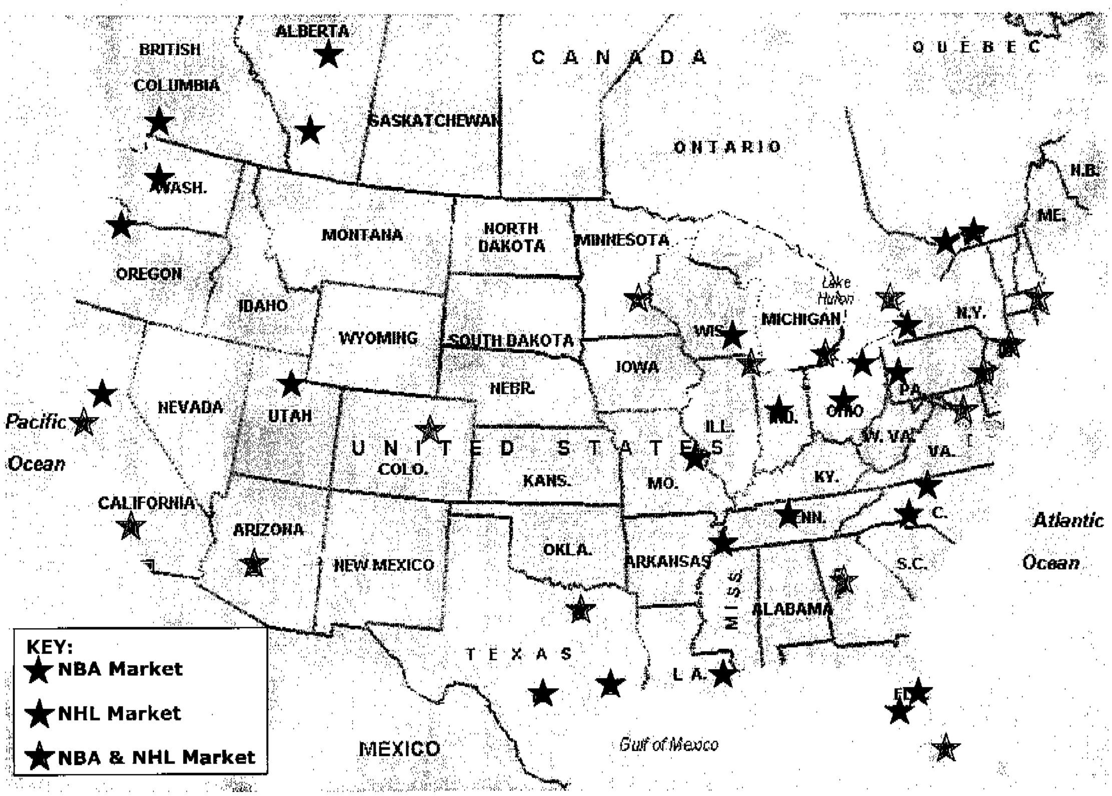
A renovation of the TMC may be able to address some of the facility's relative shortcomings, such as making cosmetic improvements to public areas, improving signage and other advertising opportunities and other such improvements. However, in order to add enough premium seating to bring the facility up to the standards of current NBA and NHL facilities, a much larger reconstruction of the building would likely need to take place. In addition, a renovation of the TMC would not alleviate issues related to parking and traffic currently faced by the facility. Based on this analysis, it is assumed that a new Events Center would be required to attract an NBA or NHL franchise to Las Vegas.

Professional Sports Overview

One of the objectives of the development of a new Events Center could be to attract an NBA or NHL franchise to Las Vegas. The purpose of this analysis is to present a variety of information related to the present structure and operations of the NBA and NHL and their respective franchises. This information is intended to assist the Task Force in understanding the understanding the market and facility requirements of the NBA and NHL and to form a base of information on which to develop operating assumptions for an NBA or NHL franchise playing in Las Vegas.

The following map illustrates the locations of markets currently hosting NBA and/or NHL franchises.

Map of NBA and NHL Markets



NBA Analysis

The NBA currently consists of 30 teams, including 29 franchises located in the United States and one franchise, the Toronto Raptors, located in Canada. The following table summarizes each current NBA market and arena.

Summary of NBA Markets and Facilities

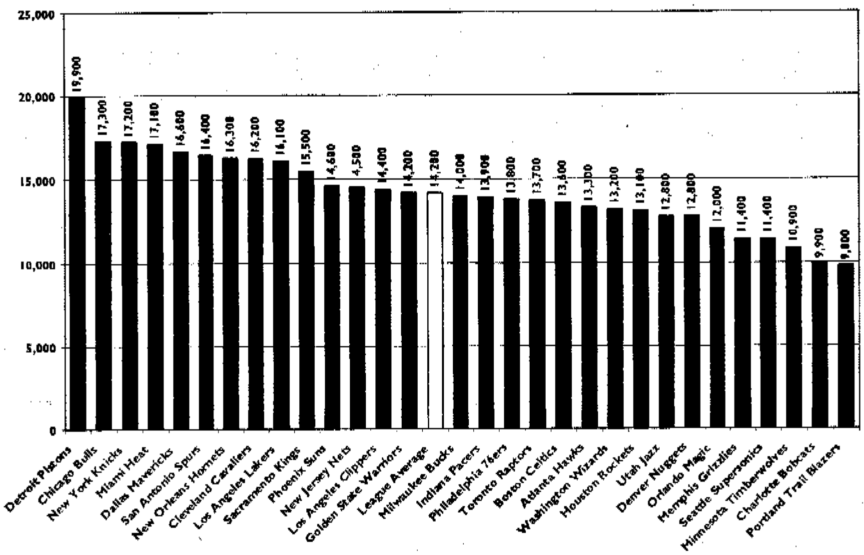
Team	City	Market Population	Arena	Basketball Capacity
New Jersey Nets	E. Rutherford, NJ	18,768,200	Continental Airlines Arena	19,763
New York Knicks	New York, NY	18,768,200	Madison Square Garden	19,193
Los Angeles Clippers	Los Angeles, CA	13,104,000	Staples Center	20,300
Los Angeles Lakers	Los Angeles, CA	13,104,000	Staples Center	20,300
Chicago Bulls	Chicago, IL	9,433,600	United Center	19,267
Philadelphia 76ers	Philadelphia, PA	5,816,300	Wachovia Center	18,500
Dallas Mavericks	Dallas, TX	5,786,900	American Airlines Center	19,300
Miami Heat	Miami, FL	5,379,500	American Airlines Arena	20,500
Toronto Raptors	Toronto, ON	5,304,100	Air Canada Centre	18,997
Houston Rockets	Houston, TX	5,239,517	Toyota Center	18,064
Washington Wizards	Washington, DC	5,239,100	Verizon Center	20,444
Atlanta Hawks	Atlanta, GA	4,765,800	Philips Arena	19,088
Detroit Pistons	Detroit, MI	4,496,100	Palace of Auburn Hills	22,076
Boston Celtics	Boston, MA	4,450,500	TD Banknorth Garden	17,500
Golden State Warriors	Oakland, CA	4,215,400	The Oracle	21,631
Phoenix Suns	Phoenix, AZ	3,730,600	US Airways Center	17,483
Seattle Supersonics	Seattle, WA	3,200,900	Key Arena	18,500
Minnesota Timberwolves	Minneapolis, MN	3,138,300	Target Center	20,240
Denver Nuggets	Denver, CO	2,350,600	Pepsi Center	21,000
Cleveland Cavaliers	Cleveland, OH	2,136,700	Quicken Loans Arena	21,711
Portland Trail Blazers	Portland, OR	2,082,023	Rose Garden	18,854
Sacramento Kings	Sacramento, CA	2,023,500	Arco Arena	17,503
Orlando Magic	Orlando, FL	1,894,000	TD Waterhouse Centre	20,000
San Antonio Spurs	San Antonio, TX	1,863,789	AT&T Center	18,137
Las Vegas Franchise	**Las Vegas, NV**	**1,815,700**	**New Events Center**	**n/a**
Indiana Pacers	Indianapolis, IN	1,626,173	Conseco Fieldhouse	19,800
Milwaukee Bucks	Milwaukee, WI	1,518,800	Bradley Center	19,275
Charlotte Bobcats	Charlotte, NC	1,484,570	Bobcats Arena	17,500
New Orleans Hornets	New Orleans, LA	1,321,402	New Orleans Arena	19,758
Memphis Grizzlies	Memphis, TN	1,256,461	FedEx Forum	19,200
Utah Jazz	Salt Lake City, UT	1,023,400	EnergySolutions Arena	17,300
Average (Excluding Las Vegas)		**5,150,700**		**19,400**

As shown, populations of NBA markets range from a low of 1.0 million in Salt Lake City to a high of 18.8 million in New York/New Jersey, with an average of approximately 5.2 million. Las Vegas's population of 1.8 million would rank 25th among NBA franchises. The average NBA arena has a capacity of approximately 19,400.

Attendance

The following chart presents the average per-game paid attendance for each NBA franchise during the 2005/06 season.

NBA Average Attendance - 2005/06 Season

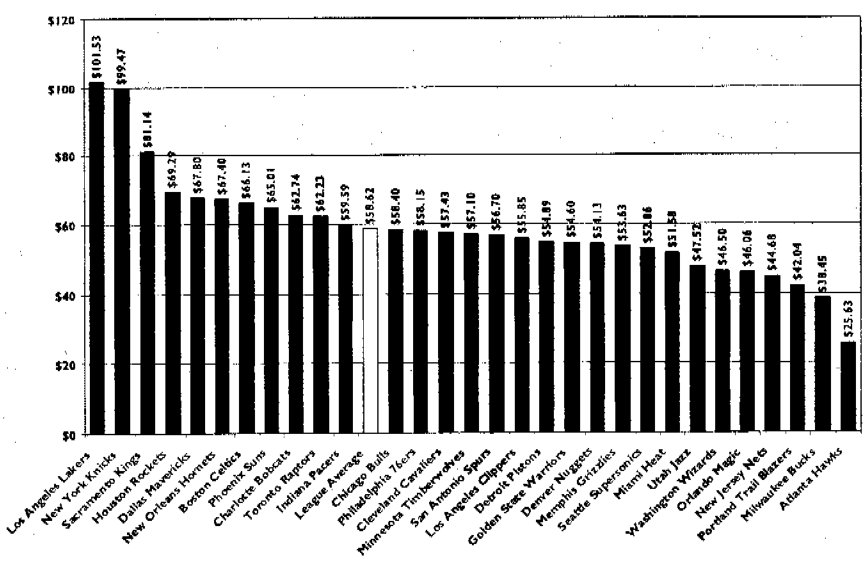


As shown, the average NBA franchise drew paid attendance of approximately 14,200 per game in 2005/06, ranging from a low of 9,800 for the Portland Trailblazers to a high of 19,900 for the Detroit Pistons.

Ticket Prices

The following is a summary of the weighted average ticket price for each NBA franchise in 2005/06, based on the number of seats at each price level offered by each respective franchise.

NBA Average Ticket Prices - 2005/06 Season



Average ticket prices of NBA franchises ranged from a low of approximately $26 per game for the Atlanta Hawks to a high of approximately $102 for the Los Angeles Lakers. The league-wide average ticket price approximated $58 in 2005/06.

Facility Development

In recent years, a number of NBA franchises have developed new or renovated arenas, while several more are planning or considering arena development. The following table summarizes current NBA arenas, sorted by most recently built.

NBA Facilities
Sorted by Most Recently Built

Team	Facility	Type of Facility	Year Opened	Basketball Capacity
Charlotte Bobcats	Charlotte Bobcats Arena	NBA	2005	17,500
Memphis Grizzlies	FedEx Forum	NBA	2004	19,200
Houston Rockets	Toyota Center	NBA	2003	18,064
San Antonio Spurs	AT&T Center	NBA	2002	18,137
Dallas Mavericks	American Airlines Center	NBA/NHL	2001	19,300
Denver Nuggets	Pepsi Center	NBA/NHL	1999	21,000
Indiana Pacers	Conseco Fieldhouse	NBA	1999	19,800
Toronto Raptors	Air Canada Center	NBA/NHL	1999	18,997
Los Angeles Lakers/Clippers	Staples Center	NBA/NHL	1999	20,300
Atlanta Hawks	Philips Arena	NBA/NHL	1999	19,088
Miami Heat	American Airlines Arena	NBA	1999	20,500
New Orleans Hornets	New Orleans Arena	NBA	1999	19,758
Golden State Warriors	The Oracle	NBA	1966/98 (1)	21,631
Washington Wizards	Verizon Center	NBA/NHL	1997	20,444
Philadelphia 76ers	Wachovia Center	NBA/NHL	1996	18,500
Boston Celtics	TD Banknorth Garden	NBA/NHL	1995	17,500
Seattle Sonics	Key Arena	NBA	1995 (2)	18,500
Portland Trailblazers	Rose Garden	NBA	1995	18,854
New York Knicks	Madison Square Garden	NBA/NHL	1968/1991 (1)	19,193
Chicago Bulls	United Center	NBA/NHL	1994	19,267
Cleveland Cavaliers	Quicken Loans Arena	NBA	1994	21,711
Phoenix Suns	US Airways Center	NBA	1992 (3)	17,483
Utah Jazz	EnergySolutions Arena	NBA	1991	17,300
Minnesota Timberwolves	Target Center	NBA	1990	20,240
Orlando Magic	**TD Waterhouse**	**NBA**	**1989**	**20,000**
Milwaukee Bucks	**Bradley Center**	**NBA**	**1988**	**19,275**
Sacramento Kings	**ARCO Arena**	**NBA**	**1988**	**17,503**
Detroit Pistons	Palace of Auburn Hills	NBA	1988	22,076
New Jersey Nets	**Continental Airlines Arena**	**NBA/NHL**	**1981**	**19,763**
Average				**19,433**

(1) Facility has undergone major renovations

(2) Key Arena underwent a major renovation completed in 1995.

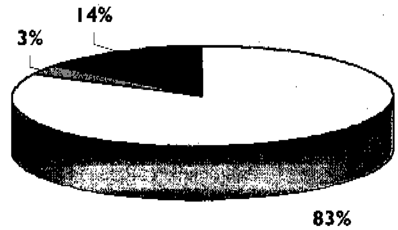
(3) $60 million in improvements to US Airways Center were completed from 2001 to 2003.

Teams considering the development of new or renovated arenas are highlighted in blue.

Teams with arenas opened prior to 1990 with no plans for a new or renovated facility are highlighted in gray.

As shown in the previous table and summarized in the chart to the right, 24 current NBA arenas have opened since 1990, representing 83 percent of all NBA venues. This total includes five arenas opened since 2000. Of the five franchises playing in arenas that opened prior to 1990, four are considering the development of new or extensively renovated facilities. The fifth arena opened prior to 1990, the Palace of Auburn Hills, has been updated on an ongoing basis over the past several years, although no major renovation has taken place.

Summary of NBA Arena Development



NBA in Las Vegas

At the present time, the NBA is not believed to be planning to add any expansion franchises in the near future. Therefore, an NBA franchise in Las Vegas would likely result from the relocation of an existing franchise to the market. Several markets are currently seeking improved arena situations, including the Milwaukee Bucks, Orlando Magic, Sacramento Kings and Seattle Supersonics. Each franchise is currently seeking solutions that would keep them in their respective markets, but one or more of these franchises may consider relocating to another market if solutions to their arena situations can not be found locally. Should a franchise be relocated, several markets with existing or planned arenas would likely compete for the franchise, including

- Kansas City;
- Oklahoma City;
- St. Louis;
- Tampa; and,
- Various other markets.

Primary factors considered by the franchise when choosing a relocation market would include the demographics of the market and the ability to negotiate an attractive arena lease.

In order to estimate the attendance levels that could potentially be achieved by an NBA franchise playing in a new Events Center in Las Vegas, a penetration analysis was performed. The analysis compares the ratio of market population to average attendance at NBA games in each NBA market. The results of the penetration analysis are presented in the following exhibit.

NBA Attendance Penetration

Team	City	Market Population	2005-06 Average Attendance	Ratio of Average Attendance to Population
Utah Jazz	Salt Lake City, UT	1,023,400	12,800	1.25%
New Orleans Hornets	New Orleans, LA	1,321,402	16,300	1.23%
Milwaukee Bucks	Milwaukee, WI	1,518,800	14,000	0.92%
Memphis Grizzlies	Memphis, TN	1,256,461	11,400	0.91%
San Antonio Spurs	San Antonio, TX	1,863,789	16,400	0.88%
Indiana Pacers	Indianapolis, IN	1,626,173	13,900	0.85%
Sacramento Kings	Sacramento, CA	2,023,500	15,500	0.77%
Cleveland Cavaliers	Cleveland, OH	2,136,700	16,200	0.76%
Charlotte Bobcats	Charlotte, NC	1,484,570	9,900	0.67%
Orlando Magic	Orlando, FL	1,894,000	12,000	0.63%
Denver Nuggets	Denver, CO	2,350,600	12,800	0.54%
Portland Trail Blazers	Portland, OR	2,082,023	9,800	0.47%
Detroit Pistons	Detroit, MI	4,496,100	19,900	0.44%
Phoenix Suns	Phoenix, AZ	3,730,600	14,600	0.39%
Seattle Supersonics	Seattle, WA	3,200,900	11,400	0.36%
Minnesota Timberwolves	Minneapolis, MN	3,138,300	10,900	0.35%
Golden State Warriors	Oakland, CA	4,215,400	14,200	0.34%
Miami Heat	Miami, FL	5,379,500	17,100	0.32%
Boston Celtics	Boston, MA	4,450,500	13,600	0.31%
Dallas Mavericks	Dallas, TX	5,786,900	16,600	0.29%
Atlanta Hawks	Atlanta, GA	4,765,800	13,300	0.28%
Toronto Raptors	Toronto, ON	5,304,100	13,700	0.26%
Washington Wizards	Washington, DC	5,239,100	13,200	0.25%
Houston Rockets	Houston, TX	5,239,517	13,100	0.25%
Philadelphia 76ers	Philadelphia, PA	5,816,300	13,800	0.24%
Chicago Bulls	Chicago, IL	9,433,600	17,300	0.18%
Los Angeles Lakers	Los Angeles, CA	13,104,000	16,100	0.12%
Los Angeles Clippers	Los Angeles, CA	13,104,000	14,400	0.11%
New York Knicks	New York, NY	18,768,200	17,200	0.09%
New Jersey Nets	E. Rutherford, NJ	18,768,200	14,500	0.08%
Average		**5,150,700**	**14,200**	**0.48%**
Average (Similar Markets [1])		**1,498,600**	**13,300**	**0.92%**
LV w/Ave. Penetration (All Markets)		**1,815,700**	***8,800***	**0.48%**
LV w/Ave. Penetration (Similar Markets)		**1,815,700**	***16,700***	**0.92%**

(1) Markets with populations under 2.0 million

As shown, the average ratio of attendance to population achieved by NBA franchises in 2005-06 was approximately 0.48. Narrowing the analysis to markets with populations under 2.0 million, the markets most comparable to Las Vegas, the average ratio increases to 0.92 percent of total population. Applying this ratio to the Las Vegas market population of 1.8 million would result in average attendance of approximately 16,700 for an NBA franchise in Las Vegas. This attendance level would be approximately 2,500 higher than the league average attendance in 2005-06.

NHL Analysis

The NHL currently consists of 30 teams, consisting of 24 U.S.-based franchises and six Canadian franchises. The following table summarizes each current NHL market and arena.

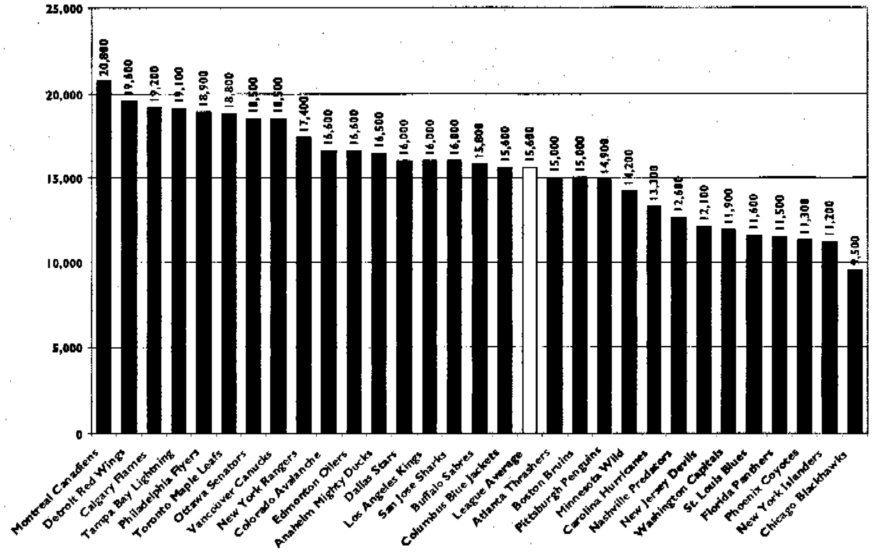
Summary of NHL Markets and Facilities

Team	City	Market Population	Arena	Hockey Capacity
New Jersey Devils	E. Rutherford, NJ	18,768,200	Continental Airlines Arena	20,000
New York Islanders	Uniondale, NY	18,768,200	Nassau Coliseum	16,295
New York Rangers	New York, NY	18,768,200	Madison Square Garden	19,763
Anaheim Mighty Ducks	Anaheim, CA	13,104,000	Honda Center	17,300
Los Angeles Kings	Los Angeles, CA	13,104,000	Staples Center	18,997
Chicago Blackhawks	Chicago, IL	9,433,600	United Center	21,711
Philadelphia Flyers	Philadelphia, PA	5,816,300	Wachovia Center	20,444
Dallas Stars	Dallas, TX	5,786,900	American Airlines Center	19,200
Florida Panthers	Sunrise, FL	5,379,500	BankAtlantic Center	19,088
Toronto Maple Leafs	Toronto, ON	5,304,100	Air Canada Center	19,800
Washington Capitals	Washington, DC	5,239,100	MCI Center	20,500
Atlanta Thrashers	Atlanta, GA	4,765,800	Philips Arena	20,300
Detroit Red Wings	Detroit, MI	4,496,100	Joe Louis Sports Arena	19,275
Boston Bruins	Boston, MA	4,450,500	TD Banknorth Garden	18,854
Phoenix Coyotes	Glendale, AZ	3,730,600	Glendale Arena	17,500
Montreal Canadiens	Montreal, PQ	3,635,700	Bell Centre	21,631
Minnesota Wild	St. Paul, MN	3,138,300	Xcel Energy Center	18,064
St. Louis Blues	St. Louis, MO	2,755,700	Savvis Center	19,267
Tampa Bay Lightning	Tampa, FL	2,592,800	St. Pete Times Forum	19,758
Pittsburgh Penguins	Pittsburgh, PA	2,402,500	Mellon Arena	18,000
Colorado Avalanche	Denver, CO	2,350,600	Pepsi Center	19,300
Vancouver Canucks	Vancouver, BC	2,208,300	General Motors Place	19,193
Las Vegas Franchise	**Las Vegas, NV**	**1,815,700**	**New Events Center**	**n/a**
San Jose Sharks	San Jose, CA	1,764,100	HP Pavilion	17,483
Columbus Blue Jackets	Columbus, OH	1,701,300	Nationwide Arena	18,137
Nashville Predators	Nashville, TN	1,398,200	Gaylord Entertainment Center	17,500
Buffalo Sabres	Buffalo, NY	1,156,300	HSBC Center	18,500
Ottawa Senators	Ottawa, ON	1,148,800	Scotiabank Place	18,500
Calgary Flames	Calgary, AB	1,060,300	Pengrowth Saddledome	20,240
Edmonton Oilers	Edmonton, AB	1,016,000	Rexall Place	17,503
Carolina Hurricanes	Raleigh, NC	922,300	RBC Center	21,000
Average (Excluding Las Vegas)		**5,538,900**		**19,100**

The average population among NHL markets is approximately 5.5 million, ranging from a low of approximately 922,000 in Raleigh, North Carolina to a high of 18.8 million in New York/New Jersey. The average capacity among NHL arenas is approximately 19,100.

Attendance

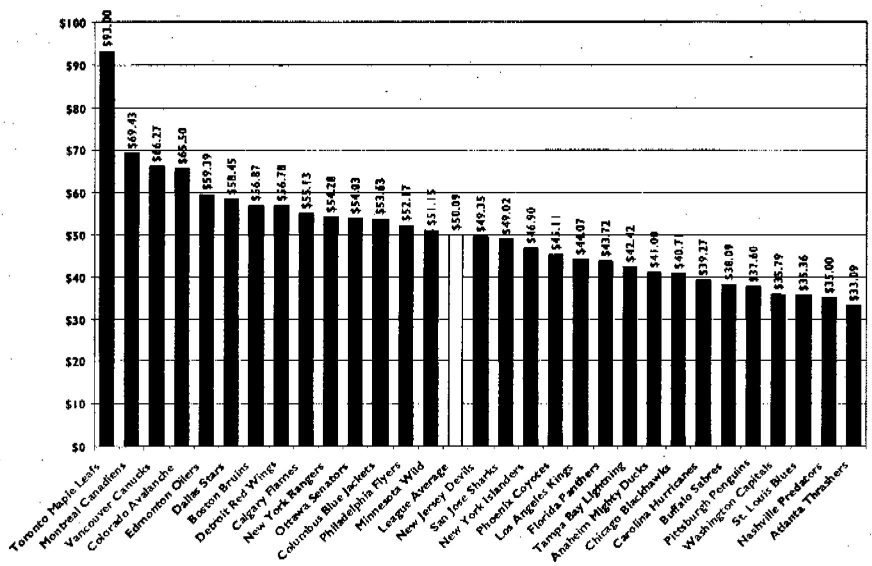
The following chart presents the average paid attendance per game for each NHL franchise during the 2005/06 season.



As shown, the average NHL franchise drew paid attendance of approximately 15,600 per game in 2005/06, ranging from a low of 9,500 for the Chicago Blackhawks to a high of 20,800 for the Montreal Canadiens.

Ticket Prices

The following is a summary of the weighted average ticket price for each NHL franchise in 2005/06, based on the number of seats at each price level offered by each respective franchise.



The average NHL ticket price approximated $50 in 2005/06, ranging from a low of $33 in Atlanta to a high of $93 in Toronto.

Facility Development

Several new arenas have been developed for NHL franchises in recent years, including a number of facilities that were built to attract relocated franchises. The following table summarizes each current NHL arena, sorted by most recently built.

NHL Facilities
Sorted by Most Recently Built

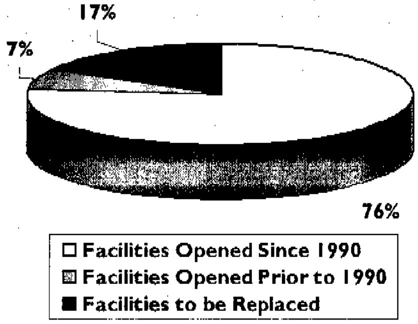
Team	Facility	Type of Facility	Year Opened	Hockey Capacity
Phoenix Coyotes	Glendale Arena	NHL	2003	17,500
Dallas Stars	American Airlines Center	NBA/NHL	2001	19,200
Minnesota Wild	Xcel Energy Center	NHL	2000	18,064
Columbus Blue Jackets	Nationwide Arena	NHL	2000	18,137
Colorado Avalanche	Pepsi Center	NBA/NHL	1999	19,300
Carolina Hurricanes	RBC Center	NHL	1999	21,000
Toronto Maple Leafs	Air Canada Center	NBA/NHL	1999	19,800
Los Angeles Kings	Staples Center	NBA/NHL	1999	18,997
Atlanta Thrashers	Philips Arena	NBA/NHL	1999	20,300
Florida Panthers	BankAtlantic Center	NHL	1998	19,088
Washington Capitals	MCI Center	NBA/NHL	1997	20,500
Tampa Bay Lightning	St. Pete Times Forum	NHL	1996	19,758
Montreal Canadiens	Bell Centre	NHL	1996	21,631
Philadelphia Flyers	Wachovia Center	NBA/NHL	1996	20,444
Buffalo Sabres	HSBC Center	NHL	1996	18,500
Nashville Predators	Gaylord Entertainment Center	NHL	1996	17,500
Ottawa Senators	Scotiabank Place	NHL	1996	18,500
Boston Bruins	TD Banknorth Garden	NBA/NHL	1995	18,854
Vancouver Canucks	General Motors Place	NHL	1995	19,193
St. Louis Blues	Savvis Center	NHL	1994	19,267
Chicago Blackhawks	United Center	NBA/NHL	1994	21,711
San Jose Sharks	HP Pavilion	NHL	1993	17,483
Anaheim Mighty Ducks	Honda Center	NHL	1993	17,300
Calgary Flames	Pengrowth Saddledome	NHL	1983	20,240
New Jersey Devils	**Continental Airlines Arena**	**NBA/NHL**	**1981**	**20,000**
Detroit Red Wings	**Joe Louis Sports Arena**	**NHL**	**1979**	**19,275**
Edmonton Oilers	Rexall Place	NHL	1974	17,503
New York Islanders	**Nassau Coliseum**	**NHL**	**1972**	**16,295**
New York Rangers	**Madison Square Garden**	**NBA/NHL**	**1968**	**19,763**
Pittsburgh Penguins	**Mellon Arena**	**NHL**	**1960**	**18,000**
Average				**19,175**

Teams considering the development of new or renovated arenas are highlighted in blue.

Teams with arenas opened prior to 1990 with no plans for a new or renovated facility are highlighted in gray.

As shown in the previous table and summarized in the chart to the right, 23 current NHL arenas have opened since 1990, representing 83 percent of all NBA venues. Of the seven franchises playing in arenas that opened prior to 1990, five are considering the development of new or extensively renovated facilities.

Summary of NHL Arena Development



NHL in Las Vegas

After a period of aggressive expansion throughout the 1990's, the NHL has not added any expansion teams since 2000 and is unlikely to expand in the foreseeable future. Therefore, an existing NHL franchise would likely need to be relocated from another market in order for Las Vegas to host an NHL team. The majority of NHL franchises play in recently built arenas or are committed to developing arenas in their current markets. At this time, it is uncertain whether any franchises are available for relocation. As is the case with the NBA, should an NHL franchise be relocated relocated, several markets with existing or planned arenas would likely compete for the franchise, including

- Hartford;
- Houston;
- Kansas City;
- Portland; and,
- Various other markets.

In order to estimate the attendance levels that could potentially be achieved by an NHL franchise playing in a new Events Center in Las Vegas, a penetration analysis was performed. The analysis compares the ratio of market population to average attendance at NHL games in each NHL market. The results of the penetration analysis are presented in the following exhibit.

NHL Attendance Penetration

Team	City	Market Population	2005/06 Average Attendance	Ratio of Average Attendance to Population
Calgary Flames	Calgary, AB	1,060,300	19,200	1.81%
Edmonton Oilers	Edmonton, AB	1,016,000	16,600	1.63%
Ottawa Senators	Ottawa, ON	1,148,800	18,500	1.61%
Carolina Hurricanes	Raleigh, NC	922,300	13,300	1.44%
Buffalo Sabres	Buffalo, NY	1,156,300	15,800	1.37%
Columbus Blue Jackets	Columbus, OH	1,701,300	15,600	0.92%
San Jose Sharks	San Jose, CA	1,764,100	16,000	0.91%
Nashville Predators	Nashville, TN	1,398,200	12,600	0.90%
Vancouver Canucks	Vancouver, BC	2,208,300	18,500	0.84%
Tampa Bay Lightning	Tampa, FL	2,592,800	19,100	0.74%
Colorado Avalanche	Denver, CO	2,350,600	16,600	0.71%
Pittsburgh Penguins	Pittsburgh, PA	2,402,500	14,900	0.62%
Minnesota Wild	Minneapolis, MN	3,138,300	18,900	0.60%
Montreal Canadiens	Montreal, PQ	3,635,700	20,800	0.57%
Detroit Red Wings	Detroit, MI	4,496,100	19,600	0.44%
St. Louis Blues	St. Louis, MO	2,755,700	11,600	0.42%
Toronto Maple Leafs	Toronto, ON	5,304,100	18,800	0.35%
Boston Bruins	Boston, MA	4,450,500	15,000	0.34%
Philadelphia Flyers	Philadelphia, PA	5,816,300	18,900	0.32%
Atlanta Thrashers	Atlanta, GA	4,765,800	15,000	0.31%
Phoenix Coyotes	Glendale, AZ	3,730,600	11,300	0.30%
Dallas Stars	Dallas, TX	5,786,900	16,000	0.28%
Washington Capitals	Washington, DC	5,239,100	11,900	0.23%
Florida Panthers	Sunrise, FL	5,379,500	11,500	0.21%
Anaheim Mighty Ducks	Anaheim, CA	13,104,000	16,500	0.13%
Los Angeles Kings	Los Angeles, CA	13,104,000	16,000	0.12%
Chicago Blackhawks	Chicago, IL	9,433,600	9,500	0.10%
New York Rangers	New York, NY	18,768,200	17,400	0.09%
New Jersey Devils	E. Rutherford, NJ	18,768,200	12,100	0.06%
New York Islanders	Uniondale, NY	18,768,200	11,200	0.06%
Average		**5,538,900**	**15,600**	**0.61%**
Average (Similar Markets (1))		**1,270,900**	**16,000**	**1.32%**
LV w/Ave. Penetration (All Markets)		**1,815,700**	***11,200***	**0.61%**
LV w/Ave. Penetration (Similar Markets)		**1,815,700**	***24,000***	**1.32%**

(1) Markets with populations under 2.0 million

As shown, the average ratio of attendance to population achieved by NHL franchises in 2005-06 was approximately 0.61. This ratio would result in average attendance of approximately 11,200 for a franchise in Las Vegas.

Narrowing the analysis to markets with populations under 2.0 million, the markets most comparable to Las Vegas, the average ratio increases to 1.32 percent of total population. Applying this ratio to the Las Vegas market population would result in average attendance of approximately 24,000 for an NHL franchise in Las Vegas.

4.0 Industry Trends and Standards

Professional Sports Summary

The following table presents a comparison of several key characteristics of the NBA and NHL.

NBA/NHL Comparisons

	NBA	NHL
Total Franchises	30	30
Franchise in Arenas Opened Since 1990	24	23
Average Market Size	5,150,700	5,538,900
Average Arena Capacity	19,400	19,100
Average Attendance (2005/06)	14,200	15,600
Average Ticket Price (2005/06)	$58.62	$50.09

- Both the NBA and NHL currently have 30 franchises, the majority of which play in arenas opened since 1990.
- The average population of NBA and NHL markets is approximately 5.2 and 5.5 million, respectively. However, the Las Vegas market's population falls within the range of populations for each league's current markets.
- The average NBA/NHL arena has a capacity of approximately 19,000.
- The NHL reported higher average attendance levels than the NBA in 2005/06, with the NBA having a higher average ticket price.
- In order to attract an NBA or NHL franchise, Las Vegas will likely need to compete for a relocated franchise with several other markets with recently built or planned arenas.

5.0 Market Analysis

The research and analysis summarized in the previous sections provides valuable information on which to develop a preliminary analysis of the potential operations of a new Events Center in Las Vegas. However, in order to assess the demand for the proposed Events Center, it is important to gather input from potential users and patrons of the facility. This direct market research provides a basis on which to develop specific estimates related to event and attendance levels, premium seating sales and other key operating characteristics for the new events center.

In order to gain first-person input related to potential demand for the proposed Events Center, surveys were completed with four distinct survey groups, as described follows:

- Las Vegas-area corporations were surveyed via telephone to assess interest in purchasing premium seating at the Events Center;
- Las Vegas-area residents were surveyed via telephone to assess interest in purchasing premium seating and season tickets, and in attending events at the Events Center;
- Las Vegas visitors were surveyed in person at locations throughout Las Vegas, including Fremont Street, the Strip and the Airport; and,
- Event promoters and other potential users were interviewed over the telephone and in person.

The following table summarizes the total population of each survey group, as well as the total number of surveys completed.

Summary of Surveys Completed

Survey Group	Total Population	Surveys Completed
Corporations	1,801 (1)	206
General Population	614,800 (2)	275
Las Vegas Visitors	38,567,000 (3)	443
Promoters/Potential Users	n/a	33
Total Completed Surveys		957

(1) Includes corporate headquarters with at least 25 employees and $5 million in annual sales and corporate branches with at least 25 employees in the Las Vegas metropolitan area.
(2) Total households in the Las Vegas metropolitan area.
(3) Average annual visitors per LVCVA research.

As shown, a total of 957 surveys and interviews were completed with potential Events Center users and patrons, providing insight as to the demand for utilizing the facility across a wide range of user groups. The remainder of this section summarizes the key findings of the survey analysis.

5.0 Market Analysis

Potential User Interviews

Interviews were conducted with a number of potential users of the proposed Events Center, including promoters and organizers of a wide variety of event types, including concerts, family shows, motor sports, rodeo/equestrian events, various non-tenant sporting events and other events. The following is a listing of promoters and other potential users contacted for this analysis.

Promoters/Potential Users Contacted for
Las Vegas Events Center Study

American Hockey League (Minor League Hockey)	National Lacrosse League (Indoor Lacrosse)
Another Planet (Concerts)	Nevada Interscholastic Activities Association (HS Athletics)
Army (Neutral Site NCAA)	Oklahoma State University (Neutral Site NCAA)
Bill Graham Presents (Concerts)	Professional Bull Riders (Rodeo)
Bishop Gorman High School (High School Athletics)	Superfly Productions (Concerts)
Citadel (Neutral Site NCAA)	Top Rank (Boxing)
Clark County School District (HS Athletics, Graduations)	Touring Pro (Concerts)
Fantasma Productions (Concerts)	Tulsa University (Neutral Site NCAA)
Glen Grabski (Family Shows)	U of Minnesota (Neutral Site NCAA)
Goldenvoice/AEG Live (Concerts)	U of Mississippi (Neutral Site NCAA)
HIT Entertainment (Family Shows)	UNLV (Athletics, Other Events)
Las Vegas Events (Various Events)	U of Notre Dame (Neutral Site NCAA)
Live Nation (Evening Star Productions) (Concerts)	U of Oregon (Neutral Site NCAA)
Live Nation Motorsports (Motorsports)	VEE Corporation (Family Shows)
Major Indoor Soccer League (Indoor Soccer)	Women of Faith (Religious Conventions)
Moscow State Circus (Family Show)	Zuffa, LLC (Ultimate Fighting Championship)
Mountain West Conference (NCAA Athletics)	

The following is a summary of the key findings of the potential user interviews by event type.

UNLV

- The extent to which UNLV utilizes a new Events Center for athletic and/or non-athletic events will likely depend on several factors, including:
  - Proximity of Events Center to UNLV campus;
  - Events Center ownership;
  - Ability to reach agreements regarding revenue splits between UNLV and potential NBA/NHL tenants;
  - Scheduling priority among Events Center tenants, as well as major non-tenant events; and,
  - Whether TMC continues to operate.
- Based on conversations with UNLV representatives, the University plans to continue to operate the TMC regardless of whether a new Events Center is built. Therefore, UNLV would be unlikely to become a tenant of the Events Center, unless the University determines that relocating to the Events Center would result in significantly higher revenue levels for the University and the Department of Athletics.
- For purposes of this analysis, no UNLV-related events are assumed to be held at the Events Center.

Concerts

- Las Vegas is a highly competitive concert market.
- Casinos offer financial incentives to concert acts, recouping investment through gaming revenues from concert patrons.
- The TMC is the largest indoor concert venue in Las Vegas.
- In order to differentiate itself to be able to attract concerts, the Events Center should have a capacity at least as large as the TMC, allowing it to attract concerts that are too large for other venues.
- According to concert promoters, a new arena would not necessarily attract significantly higher concert levels than the TMC, as casinos will continue to offer large financial incentives to concert acts.
- However, if the new arena offers unique amenities and generates excitement among concert patrons, it could attract some additional concert activity.
- Annual concert event levels at a new Events Center are estimated to increase compared to historical TMC levels.
- Average concert attendance is estimated to increase due to higher level of amenities associated with a new arena and the potential ability to attract additional top-level acts.

Family Shows

- The majority of family show activity in Las Vegas is routed through the TMC, with Cox Pavilion also hosting a limited number of family show tours.
- Historical family show attendance levels at both venues could be accommodated by Cox Pavilion's seating capacity.
- The number of family shows hosted by a new Events Center will depend on whether the Cox Pavilion continues to operate in a competitive manner, and whether shows are routed through the TMC or Cox.
- Representatives of family show promoters currently using Cox Pavilion indicated that they would consider moving their events to a new Events Center initially to capitalize on novelty of new building.
- In subsequent years, venue decisions would be based on the costs associated with holding events at the new Events Center, as well as the impact on attendance of holding events at the new facility.
- The ability to limit event expenses and scale down the capacity of the Events Center to provide an intimate setting will be key to the Center's ability to attract family shows.

- For purposes of this analysis, it is assumed that the Cox Pavilion will continue to operate following the opening of the new Events Center, and will continue to host a limited number of family shows that do not play at the Events Center.
- Family show event levels at the new Events Center are estimated to remain similar to historical levels at the TMC, as the TMC is currently capturing a majority of the family show tours that are likely to play the Las Vegas market.

Rodeo/Equestrian Events

- The TMC hosts several rodeo and equestrian events on a recurring basis:
  - Budweiser World Cup equestrian event held biannually, including 5 days in 2003, 7 days in 2005 and 5 days in 2007.
  - Professional Bull Riders (PBR) Championship event held in Vegas annually, consisting of 3 days at Mandalay Bay Events Center and 4 days at TMC.
  - National Finals Rodeo, an annual 10-day event.
  - Las Vegas World Invitational Equestrian Event, which was held over 2 days in 2005 and is anticipated to become an annual event.
- PBR representatives indicated that they would host all seven days of their event at the TMC if dates were made available.
- Event conflicts with UNLV during the month of November currently do not allow PBR to host the full week at the TMC.
- A new Events Center could lead PBR to expand the event to 10 days, all of which would be held at the Events Center if dates are made available in November.
- The ability of the Events Center to guarantee these dates will likely depend on the extent to which UNLV utilizes the new facility, which will be influenced by whether the TMC continues to operate following the opening of the new Events Center.
- For purposes of this analysis, it is assumed that scheduling will allow PBR to host a 10-day championship event at the Events Center annually if the facility is not home to an NBA or NHL tenant. In the event that an NBA or NHL franchise plays at the Events Center, it is assumed that the facility would host four days of the PBR event annually.
- It is assumed that the National Finals Rodeo will continue to utilize the Events Center for 10 days each year, while the FEI World Cup will continue to be held at the Events Center on a bi-annual basis.

Non-Tenant Sports

- The TMC hosts a variety of recurring non-tenant sports events including:
  - WWE, Ultimate Fighting Championship and World Extreme Fighting events;
  - NBA and NHL exhibition games;
  - NBA Summer League games, the majority of which were relocated to Cox Pavilion starting in 2005;
  - High school basketball tournaments.
- In addition, the TMC has hosted or will host several major non-recurring sports events in recent years including:
  - The 2007 NBA All Star game;
  - The 2005 and 2006 Arena Bowl AFL championship game;
  - The 2003 and 2007 through 2013 Mountain West Conference Basketball Tournaments;
  - Several major boxing matches.
- The majority events such as WWE, Ultimate Fighting, professional sports exhibition games and other such events are likely to continue to come to Las Vegas regardless of arena renovation or development, as Las Vegas is a major market and these events have relatively basic venue needs.
- Las Vegas is an attractive market for special events such as all-star and championship games due to its appeal to tourists and its strong tourism infrastructure.
- The Mountain West Conference men's and women's basketball tournament will be held in Las Vegas through 2013, resulting in five event days for the TMC or a new Events Center.
- The prestige and revenue generating capabilities associated with a new Events Center could allow Las Vegas to further capitalize on its strengths in attracting major sports events.
- Non-tenant sports event utilization at a new Events Center could increase somewhat due to its potential ability to attract additional major events. However, these events will not necessarily be recurring.

Other Events

- The TMC hosts a wide variety of miscellaneous events, including:
  - Conventions and conferences;
  - Meetings
  - Religious gatherings;
  - Dance competitions;
  - Banquets; and,
  - Various other events.
- The majority of these events are non-ticketed.
- The number of miscellaneous events held at a new Events Center will depend on several factors, including:
  - Open dates after scheduling tenant sports and other major events;
  - Flexibility of venue in accommodating different types of events;
  - Priorities and operating philosophies of facility management;
  - Other such factors.
- Miscellaneous event levels are estimated to remain relatively consistent with historical TMC levels.

Market Survey Analysis

In order to provide additional insight as to the potential interest in attending events at a new Events Center and to gauge demand for premium seating, season tickets and other potential offerings at a renovated TMC or a new Events Center in Las Vegas, telephone surveys were conducted with Las Vegas-area corporations and residents. In addition, in-person surveys were conducted with visitors to Las Vegas to evaluate their interest in attending events at a new Events Center during future visits to Las Vegas.

Summary of Surveys Completed

Survey Group	Total Population	Surveys Completed
Corporations	1,801 (1)	206
General Population	614,800 (2)	275
Las Vegas Visitors	38,567,000 (3)	443
Total Completed Surveys		924

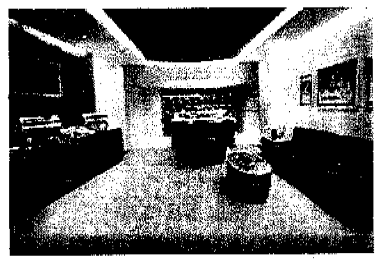
(1) Includes corporate headquarters with at least 25 employees and $5 million in annual sales and corporate branches with at least 25 employees in the Las Vegas metropolitan area.
(2) Total households in the Las Vegas metropolitan area.
(3) Average annual visitors per LVCVA research.

5.0 Market Analysis

The following is a summary of the key findings of the market survey analysis. Additional detailed survey results can be found in Appendix D, which is the full presentation provided to the Task Force on September 27.

Corporate Surveys

The primary purpose of the corporate survey was to assess demand for various premium seating options at a new Events Center in Las Vegas. Initially, survey respondents were introduced to two private suite concepts that could be incorporated into the Events Center, as described below:



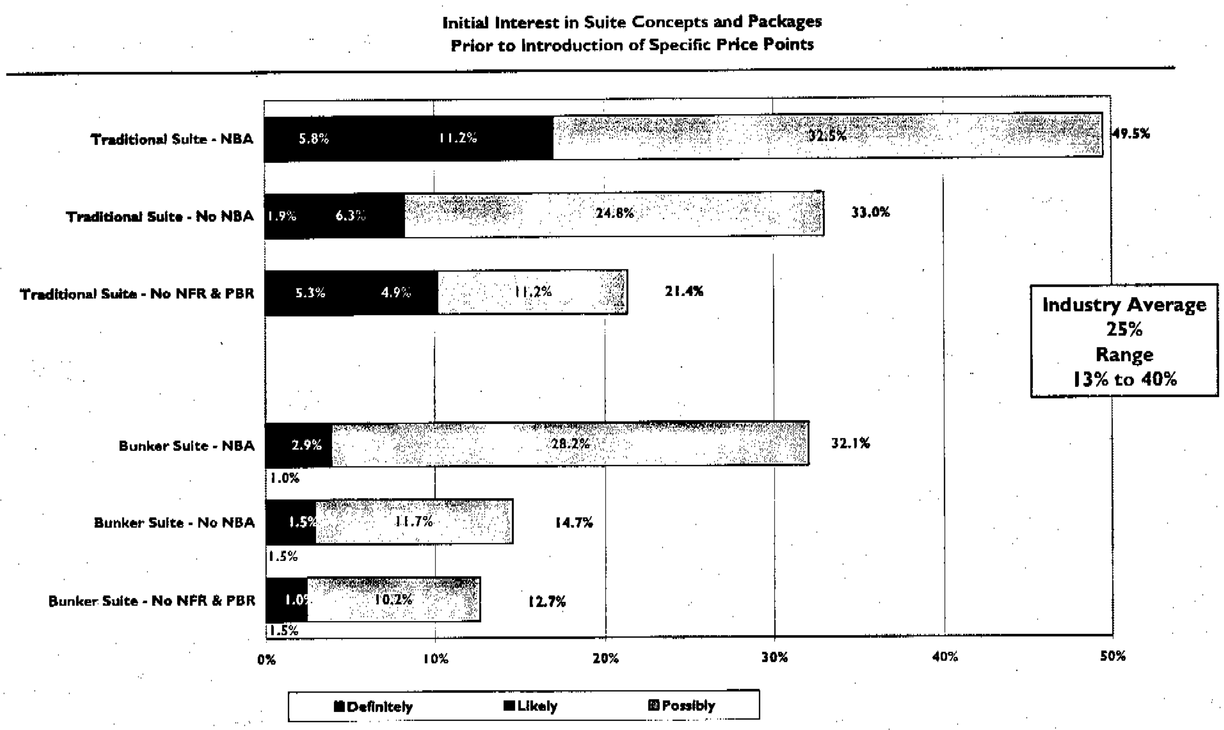
- **Traditional Suites** would be located at the top of the lower bowl at prime locations of the arena with excellent sightlines to the arena floor. Each suite would accommodate 12 to 16 guests and would feature a suite lounge overlooking the arena floor with seating located in front of the lounge area.

- **Bunker Suites** would be located below the lower seating bowl and would be larger than traditional suites, accommodating 18 to 20 guests with a larger lounge area. The suite lounges would not offer a view of the event floor, but the suite price would include 18 to 20 tickets in prime locations along the sidelines near the floor in the lower seating level.

After being introduced to each suite concept, respondents were asked to indicate their interest in leasing a suite assuming three potential lease scenarios:

- Suite price inclusive of tickets to all Events Center events, including an NBA tenant;
- Suite price inclusive of tickets to all Events assuming *no* NBA tenant; and,
- Suite price includes only tickets to the NFR and PBR Championship.

The following chart summarizes the percentage of survey respondents indicating a positive interest in each suite concept assuming each potential lease scenario.

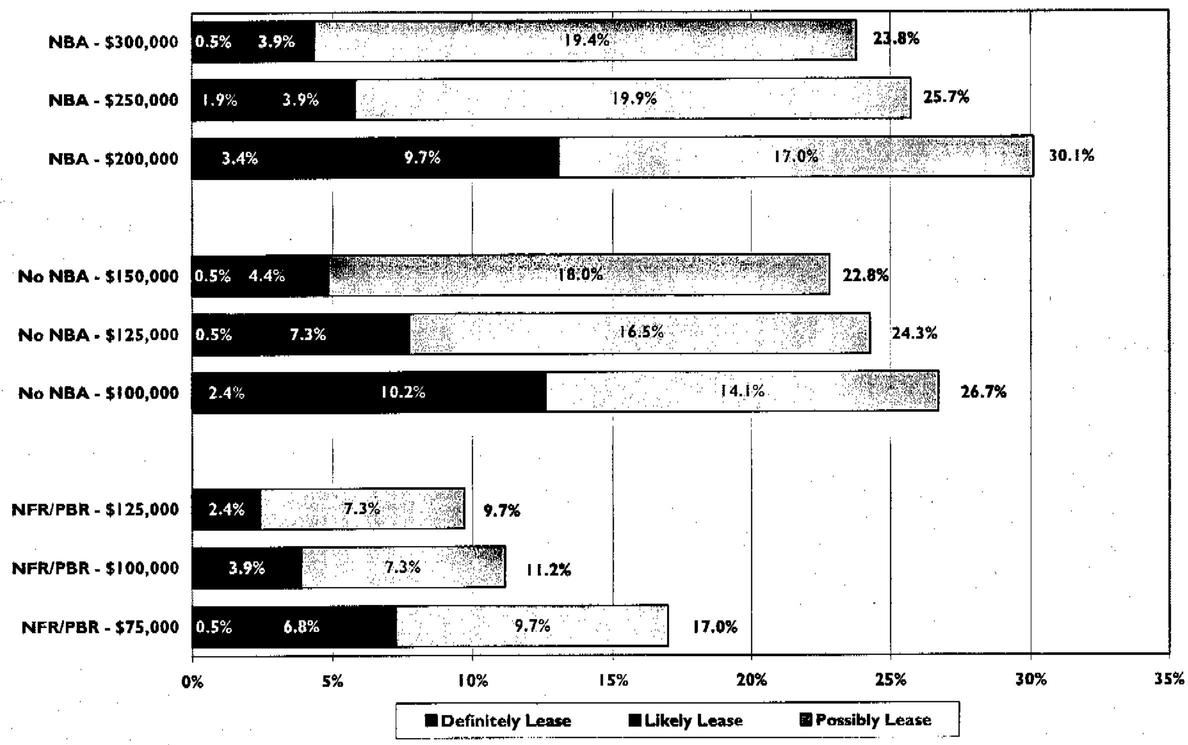


Approximately 50 percent of corporate survey respondents indicated a positive interest in leasing a traditional suite assuming the Events Center hosts and NBA franchise. If the Events Center does not attract an NBA tenant, traditional suite interest decreases to 33 percent, while 21 percent of respondents indicated an interest in purchasing a traditional suite package including only NFR and PBR tickets. As shown, these response rates are relatively strong compared to industry averages.

Interest levels in the bunker suite concept were generally lower than traditional suite interest levels. Specifically, 32 percent of respondents indicated an interest leasing a bunker suite assuming the Events Center hosts an NBA tenant, 15 percent indicated an interest in the concept assuming no NBA tenant and 13 percent indicated an interest in purchasing an NFR/PBR-only package for a bunker suite.

Following the initial suite interest questions, respondents who indicated a positive interest in a particular suite concept and lease option were asked to indicate their interest in that concept at each of three potential price points. The following chart summarizes the percentage of all survey respondents who indicated an interest in a traditional suite for each potential lease option.

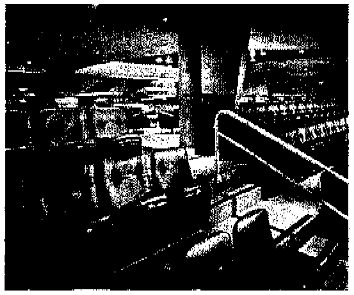
Traditional Suite Interest by Price Point



Approximately 24 to 30 percent of respondents indicated an interest in leasing a traditional suite assuming an NBA tenant at the prices tested, compared to 50 percent who indicated an initial interest in the concept for an NBA tenant. Approximately 23 to 27 percent indicated an interest in leasing a suite assuming no NBA tenant at the prices tested, compared to 33 percent who indicated an initial interest in a traditional suite with no NBA tenant. Approximately 10 to 17 percent of respondents indicated an interest in leasing a suite for only NFR and PBR events, compared to 21 percent with an initial interest in that lease scenario.

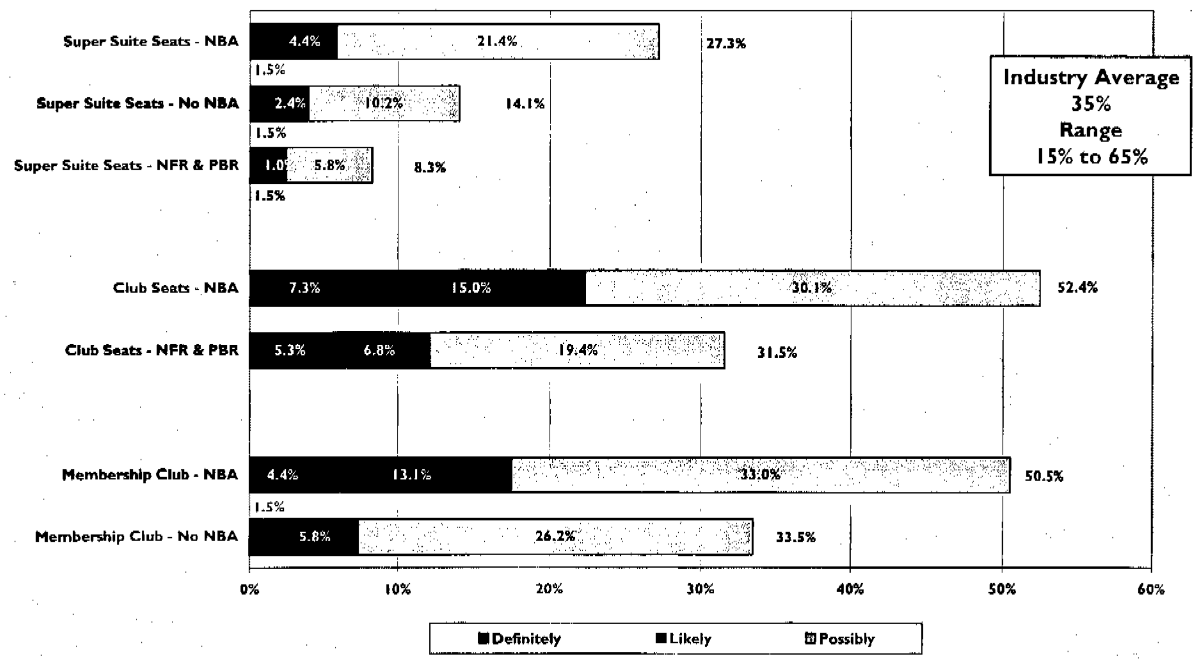
Following the questions pertaining to suites, corporate survey respondents were introduced to three club seating concepts that could be offered at a new Events Center, as described below:

- **Super Suite Seats** would be located within a suite with a capacity of 100 guests on the suite level at the top of the lower seating bowl. Seat holders would have the option to lease the entire suite or individual seats within the suite. Only individual seat leases were tested in the survey.
- **Club Seats** would be located along the sidelines above the lower seating bowl. Amenities would include wider seats wi th increased leg room and access to a private lounge located behind the seats.
- **Members Club** would be an upscale lounge located on one end of the suite level overlooking the arena floor. The club would have a business orientation and would be sold on a membership basis, with the membership price not inclusive of any event tickets.



After being introduced to each club seating concept, respondents were asked to indicate their interest in leasing a suite assuming various tenant and lease scenarios. The following chart summarizes the percentage of survey respondents indicating a positive interest in each club seating concept assuming each potential lease scenario.

Initial Interest in Club Seat Concepts and Packages
Prior to Introduction of Specific Price Points



Approximately 27 percent of corporate survey respondents indicated a positive interest in leasing super suite seats assuming the Events Center hosts and NBA franchise. If the Events Center does not attract an NBA tenant, super suite seat interest decreases to 14 percent, while eight percent of respondents indicated an interest in purchasing a super suite seat package including only NFR and PBR tickets.

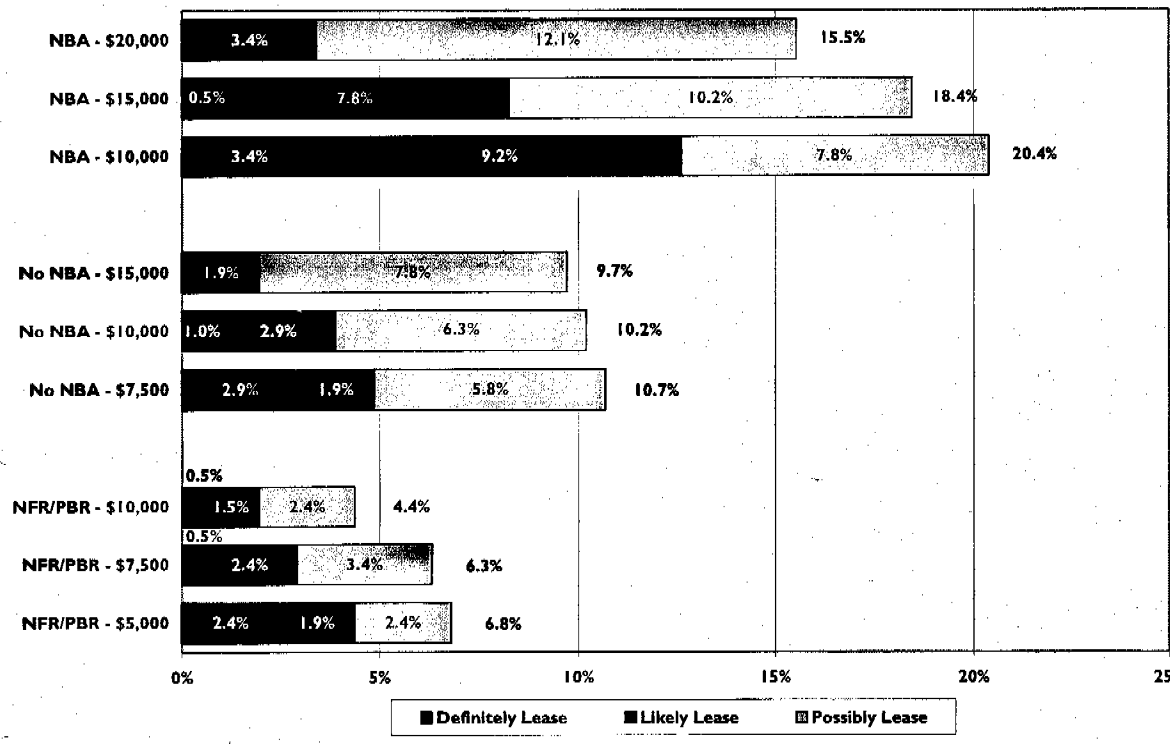
Positive interest levels in club seats ranged from 52 percent of respondents indicating an interest in leasing club seats for an NBA franchise and 32 percent indicating an interest in purchasing an NFR/PBR club seat package prior to the introduction of specific price points.

Approximately 51 percent of respondents indicated an interest in purchasing a membership club membership if the Events Center hosts an NBA tenant. If no NBA tenant plays at the Events Center, membership club interest decreases to approximately 34 percent.

As with the interest in suites discussed previously, the strength of these responses ranks relatively strong compared to other markets in which similar testing has been completed. This indicates that the Las Vegas market has the potential interest and demand to support premium seating at levels comparable to other NBA and NHL markets.

Following the initial club seat concept interest questions, respondents who indicated a positive interest in a particular club seating concept and lease option were asked to indicate their interest in that concept at each of three potential price points. The following chart summarizes the percentage of all survey respondents who indicated an interest in super suite seats for each potential lease option at the prices tested.

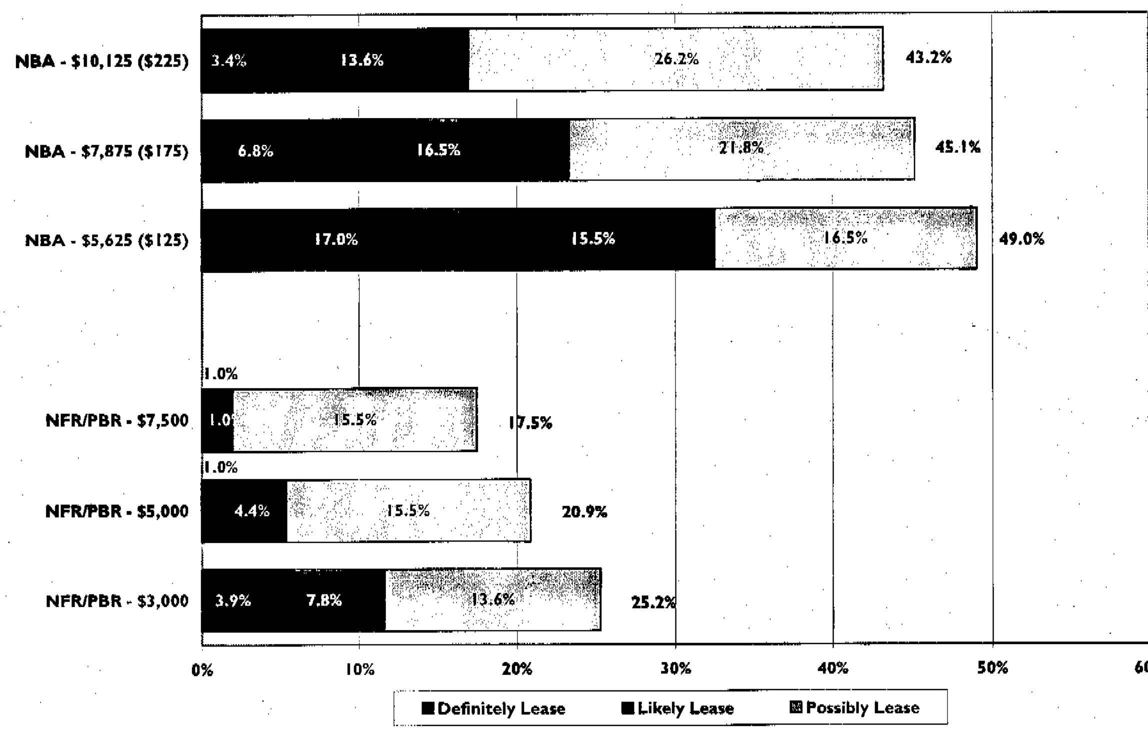
Super Suite Seat Interest by Price Point



Approximately 16 to 20 percent of respondents indicated an interest in leasing super suite seats assuming an NBA tenant at the prices tested, compared to 27 percent who indicated an initial interest in the concept for an NBA tenant. Approximately 10 to 11 percent indicated an interest in leasing super suite seats assuming no NBA tenant at the prices tested, compared to 14 percent who indicated an initial interest in super suite seats with no NBA tenant. Approximately four to seven percent of respondents indicated an interest in leasing super suite seats for only NFR and PBR events, compared to eight percent with an initial interest in that lease scenario.

The following chart summarizes the percentage of survey respondents indicating a positive interest in club seats under each lease scenario at the prices tested.

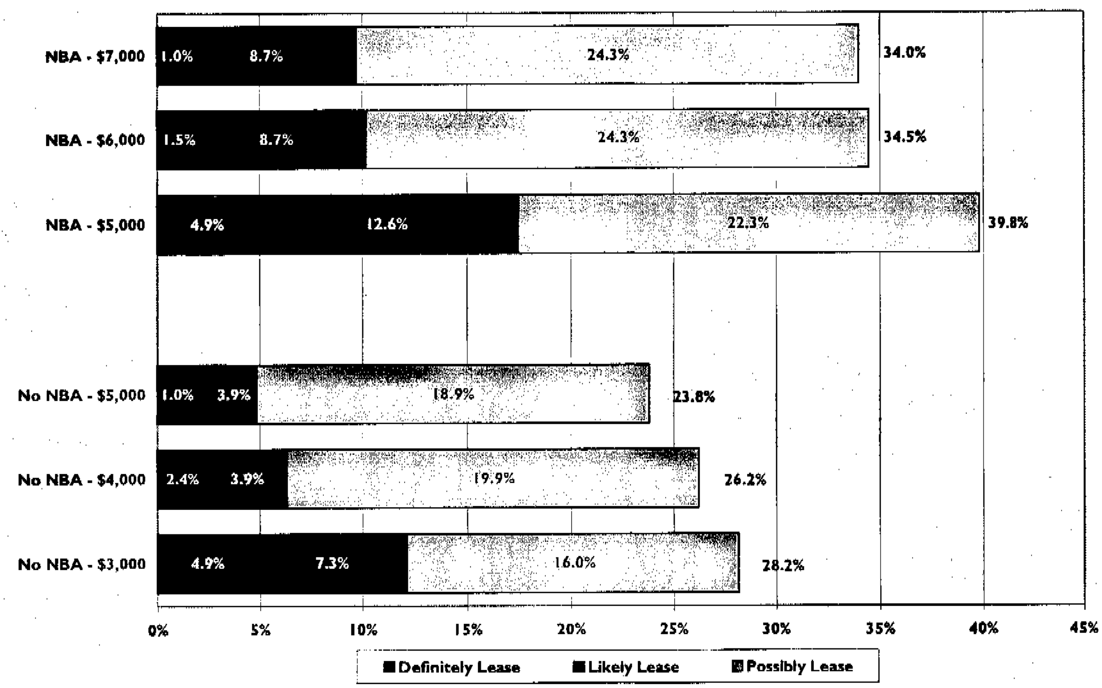
Club Seat Interest by Price Point



Approximately 43 to 49 percent of survey respondents indicated a positive interest in a club seats for an NBA franchise playing at the proposed Events Center, compared to 52 percent who had an initial interest prior to the introduction of specific price points. Approximately 18 to 25 percent of respondents indicated an interest in leasing club seats only for NFR and PBR events, compared to 32 percent who had an initial interest in NFR/PBR club seats.

The following chart summarizes the percentage of survey respondents indicating a positive interest in a membership club under each tenant scenario at the prices tested.

Membership Club Interest by Price Point

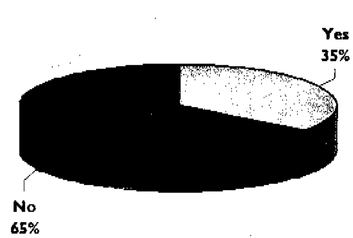


Approximately 34 to 40 percent of survey respondents indicated a positive interest in a membership club assuming an NBA franchise plays at the Events Center, compared to 51 percent who had an initial interest prior to the introduction of specific price points. Approximately 24 to 28 percent of respondents indicated an interest in a membership club at the prices tested assuming no NBA tenant, compared to 34 percent who had an initial interest in a membership club under a no NBA tenant scenario.

General Population Surveys

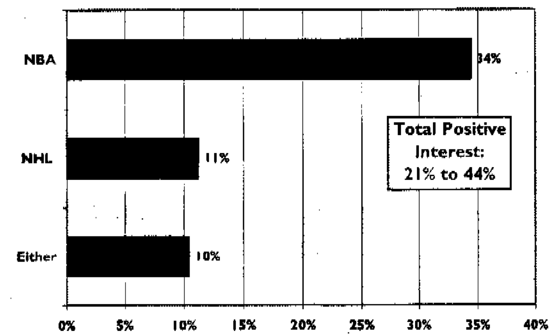
Respondents to the general population survey were initially asked whether they have attended any events at the TMC in the past two years. As summarized in the chart to the right, approximately 37 percent of respondents indicated that they have attended an event. Concerts and UNLV basketball games were the most commonly attended events among participants. Respondents who have not attended an event were asked why they do not attend events at TMC. The most common response was a lack of interest in the events held at the TMC.

Have you attended any events at the Thomas and Mack Center in the past two years?



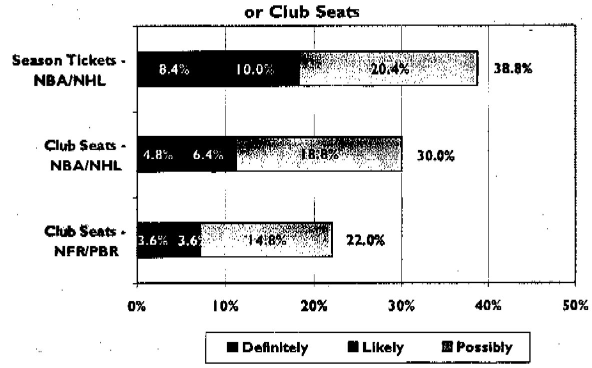
Survey respondents were informed that the new Events Center could potentially attract an NBA or NHL franchise to Las Vegas, and were asked whether they would have an interest in purchasing season tickets for either franchise. As summarized in the chart to the right, between 21 percent and 44 percent of respondents indicated they would purchase NBA or NHL tickets, including 34 percent with an interest in NBA tickets only, 11 percent with an interest in NHL tickets only and 10 percent with an interest in either league.

For which franchise would you be most likely to attend events or buy season tickets?



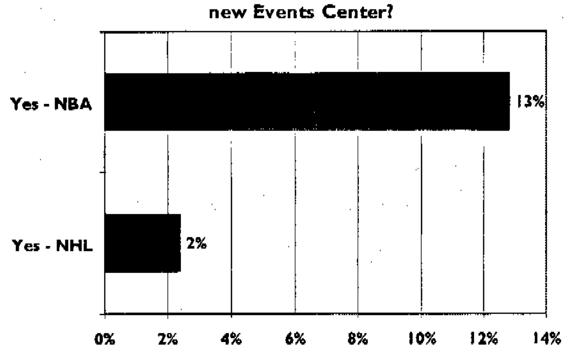
Respondents were then asked to indicate their interest in purchasing season tickets for their preferred franchise (NBA or NHL), and in leasing season tickets for their preferred franchise or for NFR and PBR events only. As summarized in the chart to the right, approximately 39 percent of respondents indicated an interest in general season tickets for an NBA or NHL franchise, while 30 percent indicated an interest in NBA or NHL club seats. In addition, 22 percent indicated an interest in leasing club seats for NFR and PBR events.

Initial Interest in Season Tickets or Club Seats

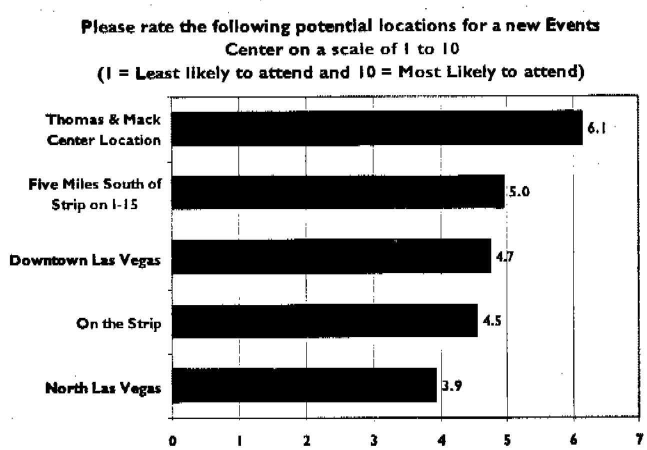


Respondents who did not indicate an interest in season tickets or club seats were asked if they would be interested in purchasing single game tickets to an NBA or NHL franchise at a new Events Center. As summarized in the chart to the right, 13 percent of respondents with no interest in season tickets or club seats would consider purchasing single game NBA tickets, while two percent would be interested in purchasing single game tickets for an NHL tenant.

Would you be interested in purchasing single game tickets to an NBA or NHL franchise at a new Events Center?



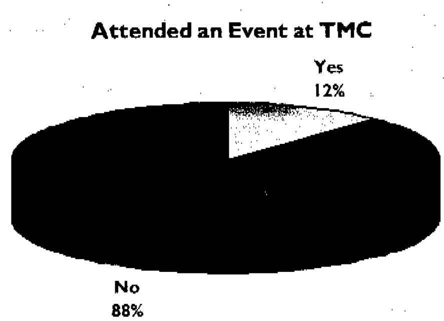
Following questions pertaining to interest in purchasing seating and tickets at a new Events Center, respondents were asked to rate each of five potential Events Center locations on the basis of which location they would have the most interest in attending events. Locations were rated on a scale of one to ten, with one representing "least likely to attend" and ten representing "most likely to attend". The chart to the right summarizes the average rating given to each potential location. As shown, the current TMC location earned the highest average rating, followed by south of the Strip along Interstate 15.



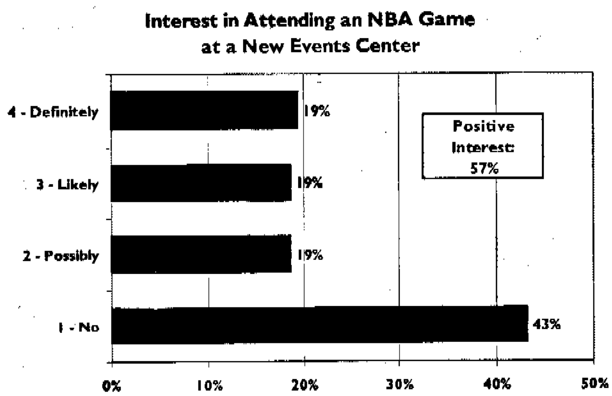
Based on the results of the general population survey, a significant percentage of Las Vegas area residents are interested in supporting the Events Center and its potential tenant franchises through the purchase of season tickets, club seats or single game tickets. Respondents generally indicated more interest in purchasing tickets for an NBA tenant as compared to an NHL franchise. Additional general population survey results, including season ticket and club seat interest levels at specific price points, can be found in Appendix B following this report.

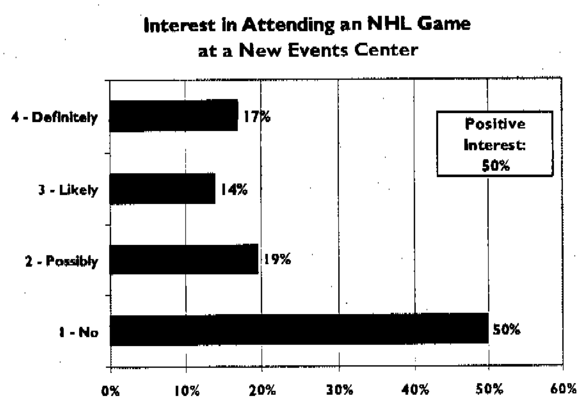
Visitor Surveys

Respondents to the Las Vegas visitor survey were initially asked whether they have attended any events at the TMC in the past. As summarized in the chart to the right, approximately 12 percent of respondents indicated that they have attended an event at the TMC. Concerts, UNLV basketball games and NFR events were the most commonly attended events among visitor survey participants. Respondents who have not attended an event were asked why they do not attend events at TMC. The most common response was a lack of awareness of events held at the TMC.



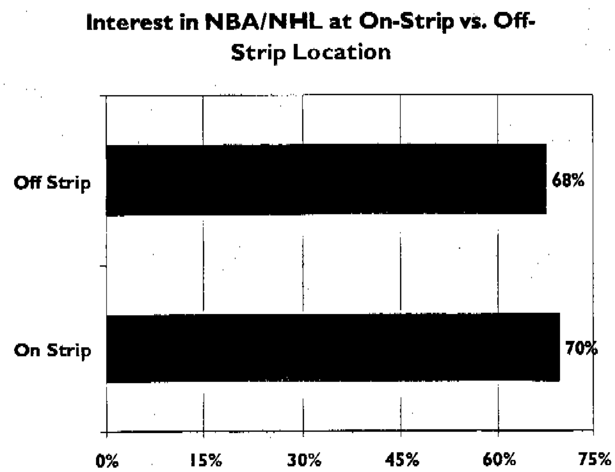
Survey respondents were asked whether they would be interested in attending NBA or NHL events at a new Events Center during future visits to Las Vegas, assuming the Events Center would be located near the Strip. The following charts summarize the percentage of respondents who indicated a positive interest in attending NBA or NHL events.



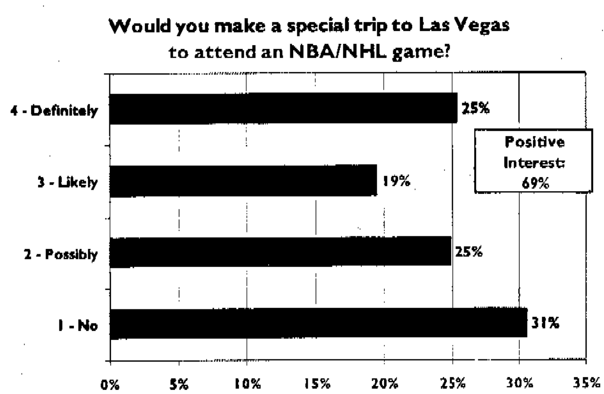


As shown, approximately 57 percent of respondents indicated an interest in attending NBA games at a new Events Center, while 50 percent indicated an interest in attending NHL games. A total of 70 percent of respondents indicated an interest in attending NBA games, NHL games or both.

Respondents were then asked whether they would have an interest in attending NBA and/or NHL games at a new Events Center if the facility were located five to 10 miles away from the Strip. As summarized in the chart to the right, an off-Strip location would have little impact on interest in attending NBA or NHL events, as 68 percent indicated an interest in attending games at an off-Strip location compared to 70 percent interest at a location near the Strip.



Respondents who indicated an interest in attending NBA or NHL games in Las Vegas were asked whether they would make a special trip to Las Vegas to attend and NBA or NHL game. As summarized in the chart to the right, 69 percent of those respondents with an interest in attending an NBA or NHL game (approximately 49 percent of all survey respondents) indicated they would make a special trip to Las Vegas to attend a game.



Based on the results of the Las Vegas visitor surveys, there appears to be some degree of interest among visitors in attending NBA or NHL games during future visits to Las Vegas. In addition, a significant percentage of respondents indicated that they would make a special trip to Las Vegas to watch an NBA or NHL game, indicating that the presence of these franchises could help drive additional tourism in Las Vegas. While the support of local residents would still be crucial to the long-term success of an NBA or NHL franchise in Las Vegas, the franchise would have a unique opportunity to tap into the visitor market to bolster attendance levels.

Summary

Based on historical event and attendance levels at TMC and at comparable arenas, the results of interviews with promoter interviews and interest levels in attending Events Center events as estimated through surveys of Las Vegas corporations, residents and visitors, estimates were developed concerning the number of annual events that could be held at the proposed Events Center. Estimates have been developed for two scenarios. The first assumes that the TMC would *not* continue to actively pursue non-UNLV events, while the second assumes that the TMC would continue to operate as a competitive arena in the market.

Summary of Events Center Event Estimates

	Stand Alone (1)				With TMC Competition (2)			
	No Pro Tenant (3)		Pro Tenant (4)		No Pro Tenant (3)		Pro Tenant (4)	
Event Type	Events	Total Attendance	Events	Total Attendance	Events	Total Attendance	Events	Total Attendance
Professional Sports								
NBA/NHL	2	24,000	45	675,000	2	24,000	45	675,000
AFL	8	80,000	8	80,000	8	80,000	8	80,000
Professional Sports Totals	10	104,000	53	755,000	10	104,000	53	755,000
Rodeo/Equestrian								
NFR	10	200,000	10	200,000	10	200,000	10	200,000
PBR	10	160,000	4	64,000	10	160,000	4	64,000
FEI World Cup	4	20,000	4	20,000	4	20,000	4	20,000
Other	5	20,000	0	n/a	3	12,000	0	n/a
Rodeo/Equestrian Totals	29	400,000	18	284,000	27	392,000	18	284,000
Other Events								
Concerts	18	144,000	15	120,000	15	120,000	12	96,000
Family Shows	18	72,000	15	60,000	10	40,000	8	32,000
Boxing	5	37,500	3	22,500	4	30,000	2	15,000
Neutral Site NCAA Games	8	96,000	4	48,000	8	96,000	4	48,000
Other Sports	18	108,000	12	72,000	13	78,000	7	42,000
Graduations	10	60,000	10	60,000	6	36,000	6	36,000
Corporate Events	15	75,000	15	75,000	10	50,000	10	50,000
Meetings/Banquets	0	n/a	0	n/a	0	n/a	0	n/a
Miscellaneous	20	50,000	20	50,000	20	50,000	20	50,000
Other Event Totals	112	642,500	94	507,500	86	500,000	69	369,000
Total - All Events	**151**	**1,146,500**	**165**	**1,546,500**	**123**	**996,000**	**140**	**1,408,000**

(1) Assumes New Events Center is developed and TMC does not actively pursue non-UNLV athletic events

(2) Assumes New Events Center is developed and TMC continues to actively pursue non-UNLV athletic events

(3) Assumes New Events Center would *not* host an NBA or NHL tenant.

(4) Assumes New Events Center would host an NBA or NHL tenant.

As shown, the utilization of the new Events Center will depend on the disposition of the TMC. If the TMC ceases to actively pursue outside events after the new Events Center is operational, it is estimated that the new Events Center could host approximately 151 to 165 events, attracting between 1.1 million and 1.5 million people each year. However, if the TMC continues to actively pursue outside events, it is estimated that the Events Center would host somewhat fewer events, ranging from approximately 123 events to 140 events, and attracting approximately 1.0 million to 1.4 million people each year.

Event and attendance estimates were also developed for the TMC assuming the new Events Center is developed and competes directly with the TMC for outside events. Estimates were developed for two scenarios. The first scenario assumes that the Events Center would capture all AFL games, concerts, rodeo, boxing and non-tenant sports events, as well as approximately half of the family show events currently held at the TMC. The second scenario assumes the TMC would be able to retain approximately half of its current concert, family show, boxing and non-tenant sports events. The following table summarizes these estimates.

Summary of TMC Event Estimates

	Historical TMC (1)			Scenario 1 (2)			Scenario 2 (3)		
		Attendance			Attendance			Attendance	
Event Type	**Events**	**Average**	**Total**	**Events**	**Average**	**Total**	**Events**	**Average**	**Total**
UNLV Events									
Men's Basketball	18	6,100	109,600	18	6,100	109,600	18	6,100	109,600
Women's Basketball	5	500	2,400	5	500	2,400	5	500	2,400
Volleyball	3	400	1,400	3	400	1,400	3	400	1,400
Other UNLV	7	2,600	18,200	7	2,600	18,200	7	2,600	18,200
UNLV Totals	34	3,800	129,400	34	3,800	129,400	34	3,800	129,400
Professional Sports									
NBA/NHL	0	n/a	n/a	0	n/a	n/a	0	n/a	n/a
AFL	8	5,000	40,100	0	n/a	n/a	0	n/a	n/a
Professional Sports Totals	8	5,000	40,100	0	n/a	n/a	0	n/a	n/a
Rodeo/Equestrian									
NFR	10	16,200	162,100	0	n/a	n/a	0	n/a	n/a
PBR	4	12,100	48,500	0	n/a	n/a	0	n/a	n/a
FEI World Cup	5	7,400	34,400	0	n/a	n/a	0	n/a	n/a
Other	4	1,800	6,700	0	n/a	n/a	0	n/a	n/a
Rodeo/Equestrian Totals	22	10,800	240,200	0	n/a	n/a	0	n/a	n/a
Other Events									
Concerts	11	7,600	83,600	0	n/a	n/a	6	7,600	45,600
Family Shows	15	2,300	34,300	8	2,300	34,300	8	2,300	18,400
Boxing	2	6,700	13,300	0	n/a	n/a	1	6,700	6,700
Neutral Site NCAA Games	0	n/a	n/a	0	n/a	n/a	0	n/a	n/a
Other Sports	10	4,500	46,100	0	n/a	n/a	5	4,500	22,500
Graduations	4	4,500	19,500	4	4,500	19,500	4	4,500	19,500
Corporate Events	5	3,400	16,800	5	3,400	16,800	5	3,400	16,800
Meetings/Banquets	2	50	100	2	50	100	2	50	100
Miscellaneous	13	2,000	25,500	13	2,000	25,500	13	2,000	25,500
Other Event Totals	62	3,700	228,100	32	3,000	96,200	44	3,500	155,100
Total - All Events	**126**		**637,800**	**66**		**225,600**	**78**		**284,500**

(1) Represents average event and attendance levels over the past three calendar years.

(2) Assumes no AFL games, rodeo events, concerts, boxing matches and non-tenant sports events and 50% reduction in historcal family show event levels.

(3) Assumes no AFL games or rodeo events and 50% reduction in historical concert, family show, boxing and non-tenant sports event levels.

After the opening of the new Events Center, it is estimated that the TMC would host approximately 66 to 78 events, compared to an average of 126 events historically. Annual TMC attendance is estimated to range from approximately 226,000 to 285,000, compared to approximately 638,000 patrons per year over the past three years.

This section also presented a summary of the results of the surveys of Las Vegas corporations, residents and visitors, including interest in purchasing tickets and attending events at a new Events Center. The following are the key findings of the survey analysis. The results of additional survey topics can be found in Appendix B following this report.

- Interest among corporate survey respondents in leasing traditional suites appears to be relatively strong, particularly if the Events Center is home to an NBA tenant. However, even if no NBA tenant can be attracted to the Events Center, respondents continued to show relatively strong interest in leasing a suite, albeit at lower price levels than an NBA tenant scenario.
- Interest in bunker suites was significantly lower than interest in traditional suites. This may be due to the higher cost associated with bunker suites and a lack of familiarity with the bunker suite concept. However, it should be noted that a relatively small number of bunker suites would likely be developed. As such, demand for those suites is not expected to be as high as demand for traditional suites.
- The most popular concept among the club seating options tested was the traditional club seat located above the lower level seating. Nearly half of corporate respondents indicated an interest in leasing club seats for an NBA franchise, with a significant percentage also indicating an interest in leasing club seats for NFR and PBR events.
- A significant percentage of Las Vegas area residents indicated an interest in purchasing season tickets, clubs seats or single game tickets for an NBA or NHL franchise playing at the proposed Events Center. Respondents generally indicated higher levels of interest in an NBA franchise as compared to an NHL team.
- There appears to be some level of interest among Las Vegas visitors in attending NBA or NHL events during future visits, which could represent an opportunity for a franchise to capitalize on the strong Las Vegas tourism market.

In order to quantify estimates related to potential demand for premium seating at the proposed Events Center, an extrapolation analysis of the corporate survey results was conducted. In this analysis, the percentages of respondents indicating a "true interest" in each premium seating concept are extrapolated to the entire corporate population of the Las Vegas market. A "true interest" is defined as the seating concept or concepts survey participants indicated they would be most likely to purchase after being introduced to all of the concepts and potential price points. In performing the extrapolation, the various interest levels were weighted to reflect the strength of response. For instance, "definite" interest responses would receive a significantly higher weight than "possible" interest responses.

Based on the true interest indicated by each survey respondent and the extrapolation of these interest levels over the entire Las Vegas corporate inventory, the following table presents the estimated demand for each seating concept tested in the surveys.

Demand Estimates
Las Vegas Special Events Center

	Inventory		Price		Revenue Low Price	Revenue High Price
NBA Tenant						
Suites						
Traditional	67	78	$200,000	$261,000	$15,591,000	$17,494,000
Bunker	3	3	300,000	350,000	1,049,000	1,224,000
	71	81	$204,000	$265,000	$16,640,000	$18,718,000
Super Suite Seats	202	233	$10,000	$13,800	$2,328,000	$2,788,000
Club Seats	1,104	1,281	$5,600	$7,900	$7,176,000	$8,720,000
Club Memberships	191	224	$5,000	$6,100	$1,122,000	$1,163,000
No NBA Tenant						
Suites						
Traditional	37	43	$100,000	$137,000	$4,284,000	$5,070,000
Bunker	7	8	150,000	186,000	1,268,000	1,301,000
	44	51	$108,000	$145,000	$5,552,000	$6,371,000
Super Suite Seats	101	111	$7,500	$11,200	$836,000	$1,126,000
Club Seats	n/a	n/a	n/a	n/a	n/a	n/a
Club Memberships	108	123	$3,000	$4,300	$369,000	$464,000
PBR/NFR Only						
Suites						
Traditional	26	31	$75,000	$95,000	$2,328,000	$2,464,000
Bunker	4	5	125,000	147,000	583,000	578,000
	30	36	$82,000	$102,000	$2,911,000	$3,042,000
Super Suite Seats	70	79	$5,000	$7,700	$393,000	$539,000
Club Seats	377	446	$3,000	$5,200	$1,338,000	$1,959,000
Club Memberships	n/a	n/a	n/a	n/a	n/a	n/a

- Demand is estimated to exist for approximately 71 to 81 suites at a new Events Center with an NBA tenant, assuming average annual lease prices of $204,000 to $265,000. If no NBA tenant plays at the Events Center, suite demand is estimated to range from 44 to 51. It is estimated that demand could exist for approximately 30 to 36 suite packages including only PBR and NFR tickets.
- It is estimated that approximately 200 to 230 super suite seats could be sold at an average price of $10,000 to $13,800 per year, assuming an NBA tenant. Assuming no NBA tenant, super suite seat demand is estimated to range from approximately 100 to 110 seats. An estimated 70 to 80 super suite seats could be sold as part of a PBR/NFR-only package.

- Approximately 1,100 to 1,300 club seats could potentially be sold for an NBA tenant, with an average price of approximately $5,600 to $7,900 per season, or $125 to $175 per game. Additionally, approximately 380 to 450 club seats could potentially be sold for PBR and NFR events, assuming a package price of $3,000 to $5,200 per seat.
- Demand for approximately 190 to 220 exclusive club memberships is estimated to exist at annual membership fees of $5,000 to $6,100, assuming an NBA tenant. If the Events Center does not attract an NBA tenant, demand is estimated to approximate 110 to 120 memberships at annual prices of $3,000 to $4,300.

6.0 Financial Analysis

The intent of this section is to develop estimates related to the potential operating revenues and expenses that could be generated by the development of a new Events Center, and the financial impact of such development on the on-going operations of the TMC. Based on the estimated event utilization levels described in the previous section, financial operating estimates have been developed for the proposed Events Center under four primary operating scenarios:

- New Events Center – No Professional (NBA or NHL) Tenant – No Direct Competition from TMC
- New Events Center – With Pro Tenant – No Direct Competition from TMC
- New Events Center – No Pro Tenant – Direct Competition from TMC
- New Events Center – With Pro Tenant – Direct Competition from TMC

Summary of Assumptions

One of the primary drivers of the estimated financial results for the proposed Center is the number and types of events that will utilize the proposed facility. As discussed previously, event estimates have been developed for each of the four primary scenarios. The following exhibit summarizes the estimated event utilization of the proposed Events Center.

Summary of Events Center Event Estimates

	Stand Alone (1)				With TMC Competition (2)			
	No Pro Tenant (3)		Pro Tenant (4)		No Pro Tenant (3)		Pro Tenant (4)	
Event Type	Events	Total Attendance	Events	Total Attendance	Events	Total Attendance	Events	Total Attendance
Professional Sports								
NBA/NHL	2	24,000	45	675,000	2	24,000	45	675,000
AFL	8	80,000	8	80,000	8	80,000	8	80,000
Professional Sports Totals	10	104,000	53	755,000	10	104,000	53	755,000
Rodeo/Equestrian								
NFR	10	200,000	10	200,000	10	200,000	10	200,000
PBR	10	160,000	4	64,000	10	160,000	4	64,000
FEI World Cup	4	20,000	4	20,000	4	20,000	4	20,000
Other	5	20,000	0	n/a	3	12,000	0	n/a
Rodeo/Equestrian Totals	29	400,000	18	284,000	27	392,000	18	284,000
Other Events								
Concerts	18	144,000	15	120,000	15	120,000	12	96,000
Family Shows	18	72,000	15	60,000	10	40,000	8	32,000
Boxing	5	37,500	3	22,500	4	30,000	2	15,000
Neutral Site NCAA Games	8	96,000	4	48,000	8	96,000	4	48,000
Other Sports	18	108,000	12	72,000	13	78,000	7	42,000
Graduations	10	60,000	10	60,000	6	36,000	6	36,000
Corporate Events	15	75,000	15	75,000	10	50,000	10	50,000
Meetings/Banquets	0	n/a	0	n/a	0	n/a	0	n/a
Miscellaneous	20	50,000	20	50,000	20	50,000	20	50,000
Other Event Totals	112	642,500	94	507,500	86	500,000	69	369,000
Total - All Events	**151**	**1,146,500**	**165**	**1,546,500**	**123**	**996,000**	**140**	**1,408,000**

(1) Assumes New Events Center is developed and TMC does not actively pursue non-UNLV athletic events
(2) Assumes New Events Center is developed and TMC continues to actively pursue non-UNLV athletic events
(3) Assumes New Events Center would not host an NBA or NHL tenant.
(4) Assumes New Events Center would host an NBA or NHL tenant.

As shown, it is estimated that the new Events Center could host between 123 events and 165 events, depending on the presence of the TMC as a competitive venue and the inclusion of an NBA franchise as a tenant. The following exhibit summarizes the primary assumptions for each scenario that form the basis for the Events Center financial estimates presented later in this section.

Summary of Assumptions
Proposed Events Center

Event Characteristics	Ave. Pd. Attendance	No show/ (Comp)	Ave. Actual Attendance	Per Capita Spending - 2006 Dollars					Direct Arena Revenue
				Tickets	Concessions	Catering	Merchandise	Parking	
AFL Football	10,000	5%	9,500	$25.00	$6.00	$30.00	$1.50	$10.00	$10,000
NBA Basketball	12,000	5%	11,400	$60.00	$10.00	$30.00	$4.00	$10.00	$50,000
NFR	20,000	5%	19,000	$75.00	$6.00	$30.00	$3.00	$10.00	$75,000
PBR	16,000	5%	15,200	$75.00	$6.00	$30.00	$3.00	$10.00	$125,000
FEI World Cup	5,000	5%	4,750	$120.00	$6.00	$30.00	$1.50	$10.00	$100,000
Other Rodeo/Equestrian	4,000	5%	3,800	$25.00	$4.00	$30.00	$1.00	$10.00	$10,000
Concerts	8,000	5%	7,600	$60.00	$7.00	$30.00	$7.00	$10.00	$50,000
Family Shows	4,000	5%	3,800	$20.00	$2.00	$30.00	$4.00	$10.00	$25,000
Boxing	7,500	5%	7,125	$100.00	$7.00	$30.00	$2.50	$10.00	$175,000
Neutral NCAA Games	12,000	5%	11,400	$40.00	$6.00	$30.00	$2.50	$10.00	$50,000
Other Sports	6,000	5%	5,700	$40.00	$6.00	$30.00	$2.50	$10.00	$25,000
Graduations	6,000	0%	6,000	$0.00	$0.00	$30.00	$0.00	$10.00	$7,500
Corporate Events	5,000	0%	5,000	$0.00	$10.00	$30.00	$0.00	$10.00	$25,000
Miscellaneous	2,500	0%	2,500	$0.00	$0.00	$30.00	$0.00	$10.00	$7,500

Premium Seating	No Pro Tenant	With Pro Tenant
Suite Inventory	50	80
# Sold	45	75
Seats per Suite	16	16
Average Annual Lease Price	$125,000	$200,000
Loge Box Inventory	30	40
# Sold	28	38
Seats per Suite	4	4
Average Annual Lease Price	$15,000	$50,000
Club Seat Inventory	1,000	2,500
# Sold	850	2,000
Average Annual Lease Price	$3,000	$6,700

Other Assumptions	No Pro Tenant	With Pro Tenant
Annual naming rights revenue	$3,000,000	$4,000,000
Annual advertising revenue	$5,000,000	$12,000,000

Based on the estimated event utilization and key assumptions outlined above, estimates of the financial operating results that could be achieved by the proposed Events Center have been developed. The following exhibit summarizes the estimated revenues and expenses related to the proposed facility.

Summary of Events Center Financial Estimates

	No TMC Competition (1)		With TMC Competition (2)	
	No Pro Tenant (3)	Pro Tenant (4)	No Pro Tenant (3)	Pro Tenant (4)
Revenues				
Direct Event Income	$6,480,000	$4,480,000	$5,585,000	$3,700,000
Facility Fee	1,923,000	2,723,000	1,720,000	2,544,000
Premium seating	8,281,000	21,010,000	8,281,000	21,010,000
Naming rights	2,700,000	4,000,000	2,700,000	4,000,000
Food and beverage	3,249,000	5,931,000	2,840,000	5,450,000
Parking	2,902,000	3,916,000	2,515,000	3,558,000
Advertising	5,000,000	12,000,000	5,000,000	12,000,000
Merchandise	385,000	603,000	338,000	559,000
NBA Team Revenues	0	100,500,000	0	100,500,000
Other	500,000	500,000	500,000	500,000
Total revenues	$31,420,000	$155,663,000	$29,479,000	$153,821,000
Expenses				
Facility	$4,500,000	$5,500,000	$4,500,000	$5,500,000
General & administrative	6,000,000	9,500,000	6,000,000	9,500,000
Management Fee	1,500,000	0	1,500,000	0
NBA Team Expenses	0	120,000,000	0	120,000,000
Other	900,000	0	900,000	0
Total expenses	$12,900,000	$135,000,000	$12,900,000	$135,000,000
Operating Income (Loss)	$18,520,000	$20,663,000	$16,579,000	$18,821,000

(1) Assumes New Events Center is developed and TMC does not actively pursue non-UNLV athletic events

(2) Assumes New Events Center is developed and TMC continues to actively pursue non-UNLV athletic events

(3) Assumes New Events Center would *not* host an NBA or NHL tenant.

(4) Assumes New Events Center would host an NBA or NHL tenant.

Notes: Expense estimates include only fixed operating expenses. Revenues are stated net of variable/event expenses

Pro Tenant scenario is based on an assumed NBA tenant franchise. Financials for an NHL franchise may vary from these estimates.

As shown, an Events Center with no major professional sports tenant is estimated to generate approximately $31.4 million in revenues while incurring expenses of approximately $12.9 million, resulting in an annual net income of approximately $18.5 million. The combined operations of a major professional sports franchise and Events Center are estimated to result in a net operating income of approximately $20.7 million. It should be noted that the majority of net income generated in the professional tenant scenario would likely be retained by the franchise, while net income generated by a non-professional Events Center would likely be split among the facility owner, operator and other parties per the terms of the facility's lease, management and other agreements. In addition, it is important to note that these estimates reflect estimated operating income before debt service, which will be discussed later in this section.

If the TMC continues to pursue non-University events following the opening of the new Events Center, the reduced event levels resulting from this competition are estimated to decrease operating revenues by approximately $1.9 million under the no professional tenant scenario and $1.8 million under the professional tenant scenario. The disposition of the TMC is not estimated to have a significant impact on the operating expenses associated with the Events Center.

6.0 Financial Analysis

In addition to the development of estimates related to Events Center financials, an analysis was also conducted to estimate the impact the Events Center could have on the financial performance of the TMC. The following table summarizes the annual event and attendance levels that could be achieved by the TMC in competition with a new Events Center. Two scenarios have been developed to assess the sensitivity of varying event levels on the TMC's financials.

Summary of TMC Event Estimates

	Historical TMC (1)			Scenario 1 (2)			Scenario 2 (3)		
		Attendance			Attendance			Attendance	
Event Type	**Events**	**Average**	**Total**	**Events**	**Average**	**Total**	**Events**	**Average**	**Total**
UNLV Events									
Men's Basketball	18	6,100	109,600	18	6,100	109,600	18	6,100	109,600
Women's Basketball	5	500	2,400	5	500	2,400	5	500	2,400
Volleyball	3	400	1,400	3	400	1,400	3	400	1,400
Other UNLV	7	2,600	18,200	7	2,600	18,200	7	2,600	18,200
UNLV Totals	34	3,800	129,400	34	3,800	129,400	34	3,800	129,400
Professional Sports									
NBA/NHL	0	n/a	n/a	0	n/a	n/a	0	n/a	n/a
AFL	8	5,000	40,100	0	n/a	n/a	0	n/a	n/a
Professional Sports Totals	8	5,000	40,100	0	n/a	n/a	0	n/a	n/a
Rodeo/Equestrian									
NFR	10	16,200	162,100	0	n/a	n/a	0	n/a	n/a
PBR	4	12,100	48,500	0	n/a	n/a	0	n/a	n/a
FEI World Cup	5	7,400	34,400	0	n/a	n/a	0	n/a	n/a
Other	4	1,800	6,700	0	n/a	n/a	0	n/a	n/a
Rodeo/Equestrian Totals	22	10,800	240,200	0	n/a	n/a	0	n/a	n/a
Other Events									
Concerts	11	7,600	83,600	0	n/a	n/a	6	7,600	45,600
Family Shows	15	2,300	34,300	8	2,300	34,300	8	2,300	18,400
Boxing	2	6,700	13,300	0	n/a	n/a	1	6,700	6,700
Neutral Site NCAA Games	0	n/a	n/a	0	n/a	n/a	0	n/a	n/a
Other Sports	10	4,500	46,100	0	n/a	n/a	5	4,500	22,500
Graduations	4	4,500	19,500	4	4,500	19,500	4	4,500	19,500
Corporate Events	5	3,400	16,800	5	3,400	16,800	5	3,400	16,800
Meetings/Banquets	2	50	100	2	50	100	2	50	100
Miscellaneous	13	2,000	25,500	13	2,000	25,500	13	2,000	25,500
Other Event Totals	62	3,700	228,100	32	3,000	96,200	44	3,500	155,100
Total - All Events	126		**637,800**	66		**225,600**	78		**284,500**

(1) Represents average event and attendance levels over the past three calendar years.

(2) Assumes no AFL games, rodeo events, concerts, boxing matches and non-tenant sports events and 50% reduction in historcal family show event levels.

(3) Assumes no AFL games or rodeo events and 50% reduction in historical concert, family show, boxing and non-tenant sports event levels.

As shown, TMC event levels are estimated to decrease to approximately 66 to 78 annual events with total attendance of approximately 226,000 to 285,000. In comparison, the TMC has hosted an average of 126 events and 638,000 total attendees over the past three years. The following exhibit summarizes the estimated financial operations of the TMC given these assumptions. Because the University's financial reports consolidate the operations of TMC, Cox Pavilion and SBS, the impacts have been reflected in the combined operations for the 2006 fiscal year.

Estimated Impact of Events Center on TMC/SBS/Cox Operations

	On-Going Operations	Scenario 1 (1) Impact from Events Center	Scenario 1 (1) Adjusted TMC/SBS	Scenario 2 (2) Impact from Events Center	Scenario 2 (2) Adjusted TMC/SBS
Revenues					
Event Revenues					
Rent & Reimbursements	$5,157,000	($3,789,000)	$1,368,000	($3,095,000)	$2,062,000
Food and beverage	9,302,000	(3,518,000)	5,784,000	(3,234,000)	6,068,000
Novelties	409,000	(106,000)	303,000	(106,000)	303,000
Parking	323,000	0	323,000	0	323,000
Ticketing	178,000	0	178,000	0	178,000
VIP Box Leases	340,000	(300,000)	40,000	(300,000)	40,000
Miscellaneous	649,000	(200,000)	449,000	(200,000)	449,000
Other	791,000	0	791,000	0	791,000
Total Event Revenues	17,149,000	(7,913,000)	9,236,000	(6,935,000)	10,214,000
Non-Event Revenues					
Sponsorship/Signage	$1,915,000	($500,000)	$1,415,000	($500,000)	$1,415,000
Suites	2,800,000	(1,800,000)	1,000,000	(1,800,000)	1,000,000
Other	7,030,000	(1,019,000)	6,011,000	(712,000)	6,318,000
Total Non-Event Revenues	11,745,000	(3,319,000)	8,426,000	(3,012,000)	8,733,000
Total revenues	**$28,894,000**	**($11,232,000)**	**$17,662,000**	**($9,947,000)**	**$18,947,000**
Expenses					
Event Expenses	$7,622,000	($4,356,000)	$3,266,000	($3,876,000)	$3,746,000
Other	14,450,000	(5,491,000)	8,959,000	(4,118,250)	10,331,750
Total expenses	**$22,072,000**	**($9,847,000)**	**$12,225,000**	**($7,994,250)**	**$14,077,750**
Operating Income (Loss)	**$6,822,000**	**($1,385,000)**	**$5,437,000**	**($1,952,750)**	**$4,869,250**
Debt and Transfers					
Principal and Interest	$2,007,000	$0	$2,007,000	$0	$2,007,000
University Transfer	2,905,000	0	2,905,000	0	2,905,000
Operating Income (Loss)	**$1,910,000**	**($1,385,000)**	**$525,000**	**($1,952,750)**	**($42,750)**

(1) Assumes no AFL games, rodeo events, concerts, boxing matches and non-tenant sports events and 50% reduction in historcal family show event levels.

(2) Assumes no AFL games or rodeo events and 50% reduction in historical concert, family show, boxing and non-tenant sports event levels.

As shown, it is estimated that the presence of a new Events Center would result in the loss of approximately $9.9 to $11.2 million in revenues, while expenses would be reduced by approximately $8.0 to $9.8 million, resulting in a net reduction in operating income of approximately $1.4 to $2.0 million.

Estimated Events Center Cost

Based on a preliminary building program that would accommodate an NBA or NHL franchise, estimates of the potential cost of the proposed Events Center have been developed. In developing these estimates, information from recently built NBA or NHL facilities was gathered and adjusted to current dollars with specific adjustments made to reflect the cost of construction in the Las Vegas market. With assistance from Turner Construction, one of the nation's preeminent construction entities, cost escalation factors were then developed to inflate the estimated cost to 2010 dollars.

6.0 Financial Analysis

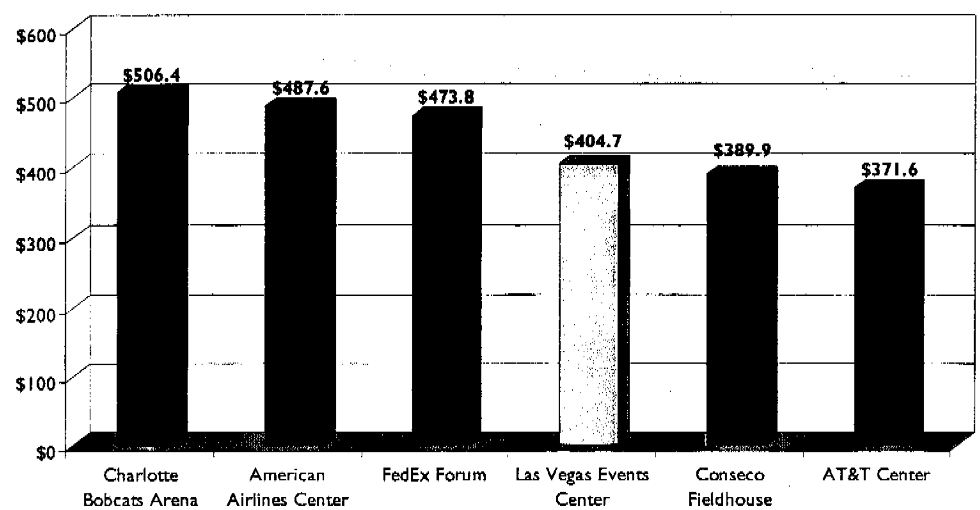
Las Vegas is currently one of the more expensive markets in the country in terms of construction costs. This is due to a variety of factors, including the significant increase in the volume of work currently in process or planned, shortages of cement and steel, the rise in the cost of gasoline and the lingering effects of the 2005 hurricanes and related rebuilding efforts. The following exhibit compares the cost location factor for Las Vegas to other markets with recently built NBA arenas.

RS Means Location Factor

Las Vegas	102.2
Indianapolis	93.7
Memphis	87.5
Dallas	84.4
San Antonio	82.5
Charlotte	76.5

Based on the comparison of similar markets and the costs of recently built NBA facilities in those markets, the cost of the proposed Las Vegas Events Center has been estimated at $404.7 million, in 2010 dollars. The following exhibit compares this cost to the estimated costs of these comparable facilities in 2010 dollars.

Total Project Costs (2010$$)



Note: Costs presented in chart include hard and soft construction costs, and exclude land acquisition and infrastructure costs. The costs for each building represent the cost to replicate the various arenas in Las Vegas with a 2010 opening, and are not representations of the actual cost of each facility in its respective marketplace.

As shown, the estimated cost of the proposed Events Center would be comparable to the most recently built NBA facilities, which range from approximately $372 million to $506 million, in 2010 dollars.

7.0 Economic and Fiscal Impact Analysis

The economic and fiscal benefits generated by public assembly facilities are often among the primary determinants regarding the decision to construct a new facility. The purpose of this section is to provide estimates of the economic impacts resulting from the historical and ongoing operations of the TMC, and to estimate the incremental impacts that could result from the development of a new Events Center.

Economic impacts are typically conveyed through measures of direct spending, total output, personal earnings and employment. Each of the measures of economic impact is further described below:

- *Direct Spending* – represents spending generated by the facility, including in-facility expenditures on tickets, rent, concessions, novelties and parking; out-of-facility spending on hotels, food and beverage, retail, transportation and entertainment; and spending related to the facility including advertising, sponsorships, premium seating and other similar revenues.
- *Total Output* – represents the total direct, indirect and induced spending effects generated by the facility.
- *Personal Earnings* – represent the wages and salaries earned by employees or business involved with the facility.
- *Employment* – represents an estimate of the full- and part-time jobs that are supported by the direct, indirect and induced spending related to the facility.

Direct Spending

The construction or renovation phase of a facility represents a significant one-time impact on a local economy. This impact is determined by the volume and nature of the construction expenditures as well as the region in which they take place. Direct spending on construction typically consists primarily of a large number of purchases of materials and labor. Since these large purchases tend to take place in a relatively short time frame, a distinct and visible impact on the community is typically generated during the construction phase.

The operations of sports and entertainment venues and their tenants can also impact the local economy in a variety of ways. Direct spending is generated during events on tickets, concessions, merchandise and parking as well as before and after events throughout the local hotels, restaurants, retail and other establishments. In addition, the operations of a public assembly facility can generate facility-related spending in areas such as advertising, premium seating, naming rights and sponsorships.

It is important to note that, in the scenario with a major professional sports tenant, direct spending has been adjusted downward to reflect the fact that a significant portion of the spending will be allocated to player payroll. Due to the unique nature of professional sports salaries, a significant portion of this spending is assumed to take place outside the local economy.

Direct spending represents the beginning of the calculation of economic impacts within the economy, or what is termed the initial change in final demand. For purposes of this analysis, impacts are represented as total economic activity and net new economic activity. Total economic activity represents gross spending associated with the construction and operations of the facilities regardless of the origin of spending and whether or not the spending would have taken place in another form within the local economy (i.e. displaced spending). Net new economic activity represents gross spending that has been adjusted to account for only the spending that (a) originates from outside the immediate area, (b) originates from inside the area but normally occurs outside the area, or displaced spending.

Multiplier Effects

Economic impacts are further increased through the re-spending of the direct spending. The total impact is estimated by applying an economic multiplier to initial direct spending to account for the total economic impact. The total output multiplier is used to estimate the aggregate total spending that takes place, beginning with the direct spending and continuing through each successive round of re-spending. Successive rounds of re-spending are generally discussed in terms of their indirect and induced effects on the area economy.

Indirect Effects – consist of the re-spending of the initial or direct expenditures. These indirect impacts extend further as the dollars constituting the direct expenditures continue to exchange hands. This process, in principle, could continue indefinitely. However, recipients of these expenditures may spend all or a part of it on goods and services outside the market area, put part of these earnings into savings, or pay taxes. This spending halts the process of subsequent expenditure flows and does not generate additional spending or impact within the community after a period of time. This progression is termed leakage and reduces the overall economic impact.

Induced Effects – consist of the positive changes in spending, employment, earnings and tax collections generated by personal income associated with the operations of the facility and franchises. Specifically, as the economic impact process continues, wages and salaries are earned, increased employment and population are generated, and spending occurs in virtually all business, household and government sectors. This represents the induced spending impacts generated by direct expenditures.

The appropriate multipliers to be used are dependent upon certain regional characteristics and also the nature of the expenditure. An area that is capable of producing a wide range of goods and services within its border will have higher multipliers, a positive correlation existing between the self sufficiency of an area's economy and the higher probability of re-spending occurring within the region. If a high proportion of the expenditures must be imported from another geographical region, lower multipliers will result.

The multiplier estimates used in this analysis are based on the IMPLAN System, which is currently used by hundreds of universities and government entities throughout the country. IMPLAN is a microcomputer program that performs regional input-output analysis based on 528 industrial sectors.

Summary of Construction Impacts

The initial impacts associated with the development of a new Events Center would be in the form of impacts taking place during the renovation/construction period as a result of spending on material and labor. The amount of economic impacts taking place during the renovation/construction period will depend on the project costs, which could vary greatly depending on the the capacity, square footage, level of finish and amenities associated with a new Events Center.

For purposes of this analysis, a preliminary cost estimate of approximately $404.7 million has been assumed for a new Events Center in Las Vegas. This estimate is based on the costs of comparable arenas built in other markets, inflated to 2010 dollars and adjusted to reflect the Las Vegas building cost index. The actual project cost and resulting economic impacts could vary greatly depending on the final project design. Based on these project cost estimates, the following table summarizes the economic impacts estimated to take place during the construction period for each project.

Estimated Construction Period Economic Impacts

		Events Center Construction
Estimated Project Costs		$404,700,000
Percentage Materials		65.00%
Percengage Labor		35.00%
Amount Materials		$263,055,000
Amount Labor		$141,645,000
Percentage Spent Locally		
Materials		50.00%
Labor		75.00%
Amount Spent Locally		
Materials		$131,527,500
Labor		$106,233,750
Total		$237,761,250
Economic Impacts	Multipliers:	
Total Output	1.703966618	$405,137,000
Personal Earnings	0.816185117	$194,057,000
Employment	17.3520174	4,100

It is assumed that approximately 65 percent of spending associated with the project would be spent on materials with the remaining 35 percent spent on labor. Further, it is assumed that 50 percent of materials spending would take place within the Las Vegas area, while 75 percent of construction labor would be supplied locally.

Direct local spending resulting from the construction of a new Events Center is estimated to total approximately $237.8 million. This spending is estimated to generate $405.1 million in output and support 4,100 jobs with total earnings of $194.1 million.

Summary of Operations Impacts

The following table presents the estimated annual economic and fiscal impacts estimated to be generated by a new Events Center in Las Vegas. For comparison purposes, the impacts estimated to be generated by the ongoing operations of the TMC have also been included in the table.

Estimated Economic and Fiscal Impacts
Thomas and Mack Center / New Events Center

	Gross Impacts (1)			Net New Impacts (2)		
	TMC	Events Center		TMC	Events Center	
	Status Quo	No Pro Tenant	Pro Tenant	Status Quo	No Pro Tenant	Pro Tenant
Direct Spending	$156,353,000	$320,339,000	$412,958,000	$119,967,000	$248,319,000	$298,217,000
Total Output	$247,678,000	$508,033,000	$663,424,000	$189,958,000	$393,735,000	$478,822,000
Earnings	$97,388,000	$201,843,000	$290,872,000	$74,208,000	$155,695,000	$208,444,200
Jobs (3)	3,500	7,100	10,300	2,600	5,500	7,300
State Tax Revenues						
State Sales	$8,745,000	$17,485,000	$18,101,000	$6,456,000	$13,031,000	$12,932,000
State Live Entertainment	1,739,000	2,767,000	4,008,000	692,000	1,178,000	1,127,000
Total State Taxes	$10,484,000	$20,252,000	$22,109,000	$7,148,000	$14,209,000	$14,059,000
County Tax Revenues						
County Sales	$1,795,000	$3,363,000	$3,481,000	$1,241,000	$2,506,000	$2,487,000
County Lodging	1,795,000	3,392,000	3,395,000	1,464,000	2,757,000	2,726,000
Total County Taxes	$3,590,000	$6,755,000	$6,876,000	$2,705,000	$5,263,000	$5,213,000

(1) Represents gross impacts associated with the operations of the facility regardless of the origin of spending and whether or not the spending would have taken place in another form within the local economy.

(2) Represents impacts after adjusting the gross impacts to account for only the spending that (a) originates from outside the immediate area, (b) originates from inside the area but normally occurs outside the area, or displaced spending.

(3) Includes full- and part-time jobs

Note: Impacts in the table include some impacts currently generated by the presence of the TMC.

As shown, the operations of a new Events Center are estimated to generate significantly higher annual economic impacts than the TMC. Specifically, an Events Center with no major professional sports tenant is estimated to generate approximately $248.3 in net new direct spending, resulting in $393.7 million in net new output and supporting 5,500 new jobs with earnings totaling $155.7 million. Net new taxes generated by a new Events Center without a major professional sports tenant are estimated to include $14.2 million in State taxes and $5.3 million in County taxes.

An Events Center with a major professional tenant is estimated to generate approximately $298.2 million in net new direct spending on an annual basis. This new economic activity is estimated to result in $478.8 million in net new output, $208.4 million in net new earnings and support 7,300 new jobs in the market. In addition, an NBA facility and franchise are estimated to generate $14.1 and $5.2 million in net new State and County taxes, respectively.

Over the course of the operating life of the proposed Events Center, the net present values (NPV) of the impacts estimated to be generated by the Center are significantly higher than the NPV's estimated to be generated by the TMC in future years, as summarized in the following table.

Estimated Incremental Economic and Fiscal Impacts Resulting from Events Center Operations
30-Year Net Present Value

	NPV of Arena Generated Impacts (1)			Net New Impacts (2)	
		Events Center			
	TMC	No Pro Tenant	Pro Tenant	No Pro Tenant	Pro Tenant
Direct Spending	$1,262,584,000	$4,779,290,000	$5,743,318,000	$3,516,706,000	$4,480,734,000
Total Output	$1,999,209,000	$7,578,062,000	$9,221,364,000	$5,578,853,000	$7,222,155,000
Earnings	$782,873,000	$2,996,588,000	$4,013,872,000	$2,213,715,000	$3,230,999,000
Jobs (3)	2,600	5,500	7,300	2,900	4,700
State Tax Revenues					
State Sales	$69,112,000	$250,803,000	$249,090,000	$181,691,000	$179,978,000
State Live Entertainment	6,960,000	22,680,000	21,689,000	15,720,000	14,729,000
Total State Taxes	$76,072,000	$273,483,000	$270,779,000	$197,411,000	$194,707,000
County Tax Revenues					
County Sales	$13,291,000	$48,231,000	$47,902,000	$34,940,000	$34,611,000
County Lodging	15,491,000	53,078,000	52,458,000	37,587,000	36,967,000
Total County Taxes	$28,782,000	$101,309,000	$100,360,000	$72,527,000	$71,578,000

(1) Represents 30-year NPV of estimated arena-related spending and impacts that are assumed to not take place in Las Vegas if not for the presence of the TMC or the new Events Center.

(2) Incremental impacts of new Events Center as compared to impacts estimated to be generated by the existing TMC.

(3) Includes full- and part-time jobs. Represents jobs supported in first year of operations.

Note: All NPV calculations assume a 6.0% discount rate.

The NPV of the total output estimated to be generated by the Events Center in its first 30 years of operation is estimated to be approximately $3.5 to $4.5 billion higher than the NPV of output associated with TMC operations. The incremental NPV of State taxes generated by the Events Center are estimated to approximate $194.4 to $197.7 million, while the incremental NPV of County taxes generated by the Events Center are estimated to approximate $71.6 to $72.5 million

Non-Quantifiable Benefits

In addition to the economic effects of money spent on construction and at events held at the proposed Events Center, the Las Vegas market could receive additional benefits from the development of the Events Center through the development of restaurants, bars, hotels and other establishments in the area surrounding the new facility. Several communities have found that the development of entertainment facilities can spur new business growth and revitalize the immediate area in which the arena is developed.

The effects of attracting patrons to a concentrated area will impact numerous industries and enhance economic activity throughout the market area. It is possible that the development of a new Events Center in Las Vegas could attract various commercial and retail developments to vacant or under-utilized parcels. Such developments could include office, hotel, restaurant, retail and related developments that could benefit directly from the operations of the proposed Events Center. Indirect impacts can benefit support industries including transportation, wholesale, manufacturing, warehousing and other such industries.

7.0 Economic and Fiscal Impact Analysis

In addition to the quantified benefits generated from the construction and on-going operations of the proposed Events Center and the other facility development scenarios being considered, there are other benefits that cannot be quantitatively measured. Potential qualitative benefits for the local and regional market area could include:

- Enhanced growth and ancillary private sector development spurred by the operations of new and/or renovated facilities;
- Diversified entertainment alternatives for families in the local area;
- New advertising opportunities for local businesses;
- Enhanced community pride, self-image, exposure and reputation; and
- Other such benefits.

8.0 Site Analysis

The purpose of the site analysis is to identity potential sites within the Las Vegas marketplace that could potentially be capable of accommodating the footprint of the proposed Event Center and provide, or have the capability to provide, the appropriate level of infrastructure, including parking and accessibility via roads and public transportation. In order to provide for a comprehensive review of potential sites, the Task Force approved the issuance of a Request of Information ("RFI") for private entities to submit information about sites capable of accommodating the proposed Events Center. (See Appendix E).

The RFI and this analysis is the first step in determining the interest and capabilities of developers and other interested entities to provide a site for the proposed Events Center. Local governing bodies were not asked to formally submit sites through the RFI process. CSL representatives met personally with the local municipalities to identify potential sites in their jurisdictions. A total of 17 submittals were received through this process, with six sites provided by private entities, while the City of Las Vegas provided five potential sites, the County provided one potential site and the City of North Las Vegas provided five potential sites. Of the sites submitted by the City of Las Vegas, only one potential site is or will be under control (ownership) of the City, while none of the sites submitted by the City of North Las Vegas are controlled by the City. The site submitted by the County is currently under County ownership.

At this stage of project planning, the site analysis involved the collection of general information regarding potential sites including:

- location,
- acreage,
- zoning,
- assessed valuation,
- number of parcels,
- ownership, and
- other such general information.

The site analysis presented herein does not seek to identify the most appropriate site for the proposed Events Center development. Further planning, design, research and analysis must take place before the list of sites can be narrowed down to the most viable locations.

8.0 Site Analysis

The following preliminary sites have been identified for the potential Events Center development:

Potential Las Vegas Sites:

1. Downtown Site 1
2. Downtown Site 2
3. Downtown Site 3
4. Downtown Site 4
5. Cashman
6. Olympia
7. Nassiri
8. Harrah's
9. North Las Vegas Site 1
10. North Las Vegas Site 2
11. North Las Vegas Site 3
12. North Las Vegas Site 4
13. North Las Vegas Site 5
14. Clark County
15. Koroghli – Oasis
16. Koroghli – Mobil 18
17. Koroghli – Mobil 215

Potential Site Criteria

In order to evaluate the merits of each of the sites, the following criteria have been established and were outlined within the RFI:

- *Capacity for Arena Development*

  The size, configuration and topography of the site must be appropriate for an events center and its related support system including the following specific criteria:

  - Minimum layout of approximately 530 feet by 530 feet for an Events Center is required.
  - Minimum Events Center site acreage of 6.5 acres.
  - Adjacent parking / parking garage for approximately 1,500 VIP (suite and club seat holders) will be required – (approximately three acres).
  - Minimum parking for additional 6,000 cars within close proximity. These spaces may be dedicated or shared with over 98 percent availability on weekends or after five p.m. on weekdays.
  - Adequate utilities on-site with no interruption of existing utilities.
  - Site must enable construction crews to stage and efficiently and effectively construct a new Events Center.

8.0 Site Analysis

- *Access and Egress*

  The site's access and egress must be anticipated to be acceptable given the programming of the Events Center including the following criteria:

  - Access from Interstate within two miles of site.
  - Multi-lane access to site from four directions with direct freeway access.
  - Moderate traffic in commercial areas.
  - Bus, monorail and/or other mass transit routes to the site.
  - Pedestrian route on major streets with ground floor uses.

- *Site Development and Acquisition*

  - The site must be delivered in a cost effective manner to the project including the following criteria.
  - Minimal or no business relocation required.
  - Efficient land assembly (number of property owners involved in assembling site).
  - Acquisition costs not prohibitive for Events Center usage.
  - Land can be assembled and acquired within a reasonable timeframe.
  - Site will require minimal environmental remediation, demolition and site preparation.
  - Site does not require construction of new roadways.
  - No unusual development restrictions (i.e. noise ordinances, land-use restrictions, etc.) or assessments that would affect development.
  - No unusual site characteristics (i.e. high water table, rocky soil) that would result in a site preparation cost premium.

- *Site Context & Community Revitalization*

  The Events Center development at the given site must match the intent and goals of the community's planning objectives including the following criteria:

  - Site is in an area that does not present any unusual safety issues.
  - Site is not zoned in a manner inconsistent with the use of the site for a large, spectator-related facility.
  - Site must be accessible to the major casinos and hotels.
  - Site would be convenient to the airport.
  - Arena would complement existing area and would further enhance or stabilize the surrounding area.
  - Adjacent land uses are complementary of an Events Center.
  - Thriving mix of restaurant, retail, hotel and similar uses adjacent to the site.
  - Good visibility and direct sight lines on important street.
  - Variety of other uses could be developed close to the site.

- Support from adjacent business and land owners.
- Site would fit in with other planning initiatives.
- Site would maximize impact for the primary stakeholders in terms of event usage, room nights and tax revenues.
- Site would accelerate ancillary development opportunities.
- Land available for ancillary development by the funding entity to offset costs of Events Center development.

- *Ability to Maximize Revenues*

  The site must enable the Events Center development to maximize the opportunity for facility revenues such as premium seating, corporate sponsorship and event-related parking revenues, including the following criteria:

  - Site would be an advantage in hosting events and increasing attendance.
  - Convenient location with good image and visibility.
  - Arena would be key element of increasing the economics of the area and/or property, sales and other tax revenues for the assessing entity from on-site or surrounding area activities.
  - Location would allow the facility and other events to maximize full revenue potential.
  - Site is compatible with the corporate community of the immediate vicinity and Southern Nevada as a whole.

Potential Las Vegas Sites

As previously noted, 17 sites have been submitted either through the RFI process or meetings with local governing bodies. The following exhibit presents a summary of the preliminary potential sites including each site's location, acreage, quantity of parcels, number of owners, zoning, and land and improvement value based on the 2006 valuation. A brief summary of each site follows:

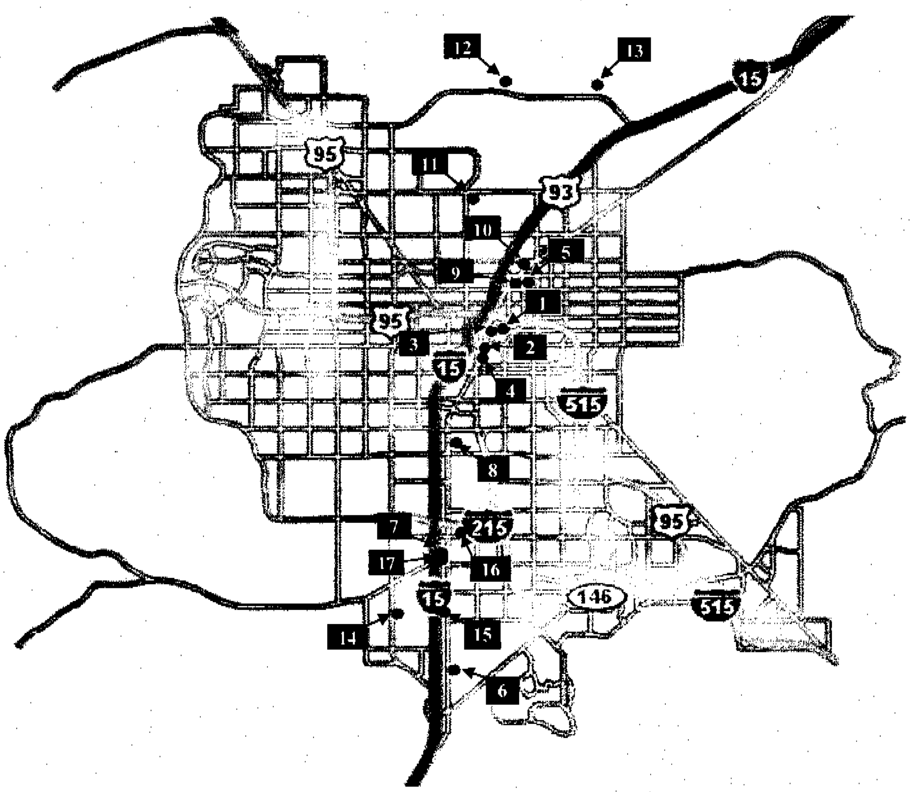
8.0 Site Analysis

Summary of Potential Las Vegas Sites

	Site	Total Site Acreage	Parcels	Ownership	Land and Improvement Value[1]	Market Values[2]	Access to Freeway
1	Downtown Site 1	11.50	42	Multiple Owners	$16,110,187	N/A	Adjacent
2	Downtown Site 2	10.00	1	Clark County	$21,200,000	N/A	Adjacent
3	Downtown Site 3	5.50	25	Developer	$16,892,283	N/A	0.62 Miles
4	Downtown Site 4	60.00	10	Multiple Owners	$13,631,669 *	$136,500,000 to $168,000,000 *	Adjacent
5	Cashman	55.00	2	LVCVA	N/A	N/A	0.33 Miles
6	Olympia	250.00	11	Olympia Land Corporation	$17,738,271 *	$75,000,000 *	Adjacent
7	Nassiri	66.11	3	Fred Nassiri	$20,410,236 *	$63,000,000 to $84,000,000 *	Adjacent
8	Harrah's	28.00	6	Four Entities	$131,087,172 *	N/A *	1.0 Mile
9	North Las Vegas Site 1	23.78	2	B.E. Trade Investments Group	$8,616,686	N/A	0.36 Miles
10	North Las Vegas Site 2	32.35	2	Bradshaw & Associates	$8,221,977 *	N/A *	0.43 Miles
11	North Las Vegas Site 3	150.02	1	Athena Group	$4,528,027 *	$16,800,000 to $18,200,000 *	1.5 Miles
12	North Las Vegas Site 4	53.61	1	Land Investors, LLC	$5,232,960 *	N/A	Adjacent
13	North Las Vegas Site 5	731.98	1	NSHE/UNLV	N/A	N/A	Adjacent
14	Clark County	59.15	1	Clark County	N/A	N/A	1.4 miles
15	Koroghli – Mobile 18	37.67	2	Ray Koroghli	$17,035,420 *	$63,551,898 *	Adjacent
16	Koroghli – Mobile 215	10.00	3	Ray Koroghli	$9,084,874	$47,900,000	0.37 Miles
17	Koroghli – Oasis	72.00	7	Ray Koroghli	$13,138,175 *	$95,223,700 *	Adjacent

(1) Based on the 2006 Clark County tax assessment.
(2) Based on discussions with real-estate professionals and property owners.
(*) Assessed and market value based on a 21-acre site.
N/A = Not Available

The following exhibit presents a regional map plotted with the potential sites for the Events Center.



8.0 Site Analysis

1. Downtown Las Vegas Site 1

Downtown Las Vegas Site 1 is centrally located in the Las Vegas Valley, directly east of City Hall, and consists of 11.5 acres. This site is currently owned by seven entities; however, the City of Las Vegas is currently assembling the site for potential development and is the largest property owner of the site. The site is bordered by Las Vegas Boulevard on the east, 7th Street on the west, Stewart Street on the south and US Highway 95 on the north. The site is located one block from the Fremont Street Entertainment District ("Entertainment District").

Downtown Las Vegas Site 1

Capacity

The site meets the minimum acreage and layout requirements for an Events Center; however, it lacks sufficient acreage for parking. A potential Events Center could make use of existing parking in the Downtown area. The site would provide enough space to construct an adjacent parking garage that would accommodate premium seat holders. Additional parking could be an issue as the only other parking areas that could be controlled by the area would be the existing City surface lots around City Hall and under US Highway 95. The Events Center could potentially utilize some of the existing garages in the downtown area such as City Hall, Neonopolis and Fremont Street garages which provide 3,000 spaces. It is estimated that 9,000 spaces are available within a ¼ mile walk of the site.

Access and Egress

The site has direct freeway access to US Highway 95 on the north and is accessible from the other three sides via 7th Street, Las Vegas Boulevard and Stewart Avenue. Mesquite Avenue and 6th Street also intersect the site. The current traffic counts on Las Vegas Boulevard (33,000 cars daily) and US Highway 95 (162,000 cars daily) could pose an issue. The daily east/west traffic count on Stewart Avenue, east of Las Vegas Boulevard, is approximately 8,300 cars.

Site Development and Acquisition

The City of Las Vegas is the largest property owner of this site. The City continues to negotiate with the private property owners for the remainder of the site. One owner who controls seven parcels has indicated a willingness to sell for an arena development. The cumulative taxable value of the site parcels is $16.1 million.

Site Context and Community Revitalization

An arena development at the Downtown Site 1 is not anticipated to cause significant negative impacts to existing neighbors. In fact, some neighbors may benefit from the addition of an arena. The site is one block from the Fremont East Entertainment District, hotel amenities and the Fremont Street Experience, which attracts 21 million tourists each year. The Fremont East Entertainment District is a $5.75 million public-private partnership geared toward enhancing the streetscape. There are a total of 10,650 hotel rooms located in the Downtown area. The Events Center could potentially stimulate additional development around the site.

It is possible (perhaps probable given adequate time) that a redevelopment of the magnitude of the proposed arena within the downtown area could become a catalyst for further redevelopment of the area.

Ability to Maximize Revenues

The location should not have a significant impact on the Event Center's ability to attract events and patrons to the venue. The site does pose some limitations as it relates to event set-up, load-in and load-out. These constraints could potentially impact the event economics, limiting the ability of the facility to attract certain events.

8.0 Site Analysis

Summary

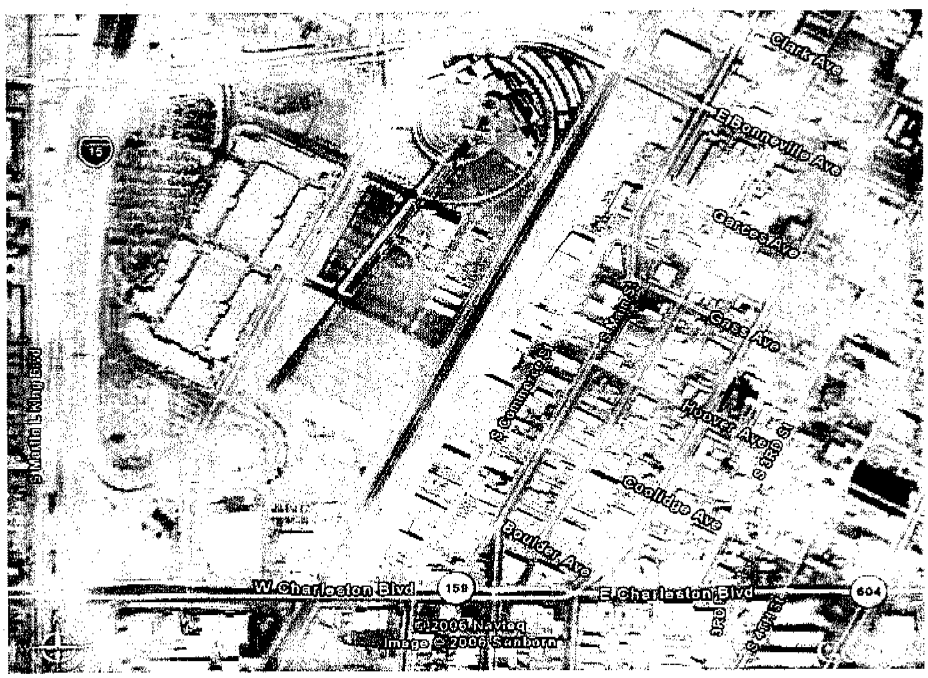
The Downtown Las Vegas Site 1 is centrally located in Las Vegas, one block from the Entertainment District. The site has direct freeway access to US Highway 95 and could be accessed via Las Vegas Boulevard. The location could pose some traffic concerns as it relates to US Highway 95 and limited parking on-site. However, there are at least half a dozen other major interstate or regional entry points to downtown which could also serve the site. As with most communities around the country, the development of the Events Center in the downtown core could help revitalize the downtown area.

The acquisition of the site would be a significant advantage of constructing an Events Center on this site, as it is primarily (or will be) publicly owned and will not increase the cost of the project if the City were to contribute the property. This site is adjacent to the current City Hall, which is planned to be replaced in the near future. The existing City Hall site and an adjacent City block would be available for further development, making this site an attractive arena/mixed-use redevelopment opportunity.

2. Downtown Las Vegas Site 2

Downtown Las Vegas Site 2 encompasses the County Government Site, which is located just west of the Union Pacific rail line near the Las Vegas Premium Outlets Mall. The entire 36-acre site is situated between Charleston Boulevard and Bonneville Avenue, with about one-third of the site currently serving as parking. Approximately 10 acres of the site would likely be used to construct the Events Center.

Downtown Las Vegas Site 2



<u>Capacity</u>

The site meets the minimum acreage and layout for the development of an arena and parking facilities. The development of an Events Center on the site would displace the majority of the existing parking that is utilized by the County Government Center. The site currently contains 1,000 spaces for the County Government Center, while the adjacent outlet mall includes 1,300 spaces with plans for an additional 3,000 spaces. The site could require the development of almost 7,500 structured spaces, assuming no parking is used from the adjacent developments. The construction of this level of vertical parking may be difficult due to site constraints. An Events Center could be developed on between six and eight acres of the County's site, leaving between four to six acres to construct 7,500 parking spaces.

Access and Egress

The site does not have direct freeway access, however it is accessible via the Interstate 15 Interchange at Charleston Avenue and the Grand Central Parkway. The daily east/west traffic count on Charleston Boulevard, just east of Interstate 15, is approximately 45,000 cars. The site is not accessible to Interstate 15 via Bonneville Avenue. Given the lack of direct freeway access at Bonneville Avenue, congestive conditions may be expected at the Interstate 15 and Charleston Avenue Interchange.

Site Development and Acquisition

No relocation or acquisition of existing businesses would be required, although it could be necessary to construct at least 7,500 structured spaces on-site. The inclusion of a relatively large parking structure at this site could be a significant expense (at least $100 million) with minimal return. This is due to the site's lack of critical mass and the resulting lack of use of the parking structure during non-event times.

Site Context and Community Revitalization

An arena development at the Downtown Site 2 is not anticipated to cause significant negative impacts to existing neighbors. The site is not within close proximity of the downtown Entertainment District or Strip and currently provides limited parking. Although there are limited amenities near the site, it should be noted that the 120-store Las Vegas Premium Outlets Mall is located just west of the proposed site. Given the lack of additional site development opportunities adjacent to the site, the Events Center would not likely serve as a redevelopment catalyst at this site, however, it could help to anchor and provide a stable basis of patrons for the outlet mall. The mall does provide an opportunity to utilize some of the existing 1,300 spaces available on the mall site. The mall is currently constructing two parking structures that will contain 3,000 additional parking spaces. However, it is unlikely that these spaces would be accessible for the Events Center on a regular basis.

The New World Market Center ("Market"), which is a 1.2 million square foot trade show facility located north of the outlets mall is also located in close proximity to the site. The Market serves as an exhibition venue for furniture manufacturers to meet with retailers. The Market is expanding and will eventually encompass 12 million square feet in eight buildings creating the largest trade show complex in the world. The facility will also include an 18 deck parking garage with 900 parking spaces per deck, generating a total of 16,200 parking spaces. It is also envisioned that the parking structure will have direct access from Interstate 15.

8.0 Site Analysis

The Union Park project is a proposed development located just north of the proposed site on a 61-acre tract of land. It is envisioned to be a high-density urban village in the center of Las Vegas anchored by the Lou Ruvo Alzheimer's Center and the Smith Center for the Performing Arts. It is also expected to include a mix of residential, retail, office, and entertainment opportunities accessible by pedestrian traffic. The development is expected to be completed over four phases by 2012.

Ability to Maximize Revenues

The site's lack of direct access could have an impact on the Events Center's ability to maximize event and patron levels. In addition, the cost to develop the parking would not be supportable solely from the Event Center's activity.

Summary

Downtown Las Vegas Site 2 is located on 36 acres of County land just west of the Union Pacific Rail Line in central Las Vegas. The site does not have direct freeway access, however it is accessible via the Interstate 15 Interchange at Charleston Avenue and the Grand Central Parkway. The Events Center would not likely serve as a redevelopment catalyst due to limited opportunities. It is unlikely that this site would be suitable for a new Events Center given the difficulties with access and the lack of space to replace the loss of existing parking.

3. Downtown Las Vegas Site 3

The City of Las Vegas also submitted Downtown Las Vegas Site 3 as a potential site. The site is situated in downtown Las Vegas and is located at Main and Bonneville and consists of 14 acres, 5.5 acres of which could be allocated for the development of an arena. The majority of the site is owned by a developer who has an entitled project called *Live, Work Las Vegas.* A portion of the site is currently being proposed as an intermodal transit center that will serve as the Valley's primary transit center. The transit center is being planned to provide 18 to 24 acres of structured parking, which would support upwards of 6,000 spaces. Another piece of the property will include the development of a 450-room hotel.

Downtown Las Vegas Site 3

<u>*Capacity*</u>

The site meets the minimum acreage and configuration requirements for an Events Center. Under its current configuration, the site and the surrounding area does not provide a sufficient level of parking. However, as noted above, the site is being planned to accommodate upwards of 6,000 structural parking spaces. An additional 2,000 spaces could be accommodated within a quarter mile of the site. The site could pose difficulty for staging an event, as it relates to event set-up, load-in and load-out, due to the lack of adequate open space.

Access and Egress

The site does not have direct access to the interstate but could be accessed from Interstate 15 via the Charleston Boulevard and Grand Central Parkway Interchange (approximately one mile). The Nevada Department of Transportation is continuing to evaluate the potential development of an Interchange at Charleston Boulevard and Interstate 15. The ingress and egress of the site could pose some difficulty with traffic before and after events. The east/west traffic count on Bonneville Avenue at Main Street is approximately 9,200 cars per day; while the daily north/south traffic count on Casino Center Boulevard is approximately 7,100 cars. Although proximity and access to the freeway system is adequate, congestive conditions may be expected along East Bonneville Avenue, West Charleston and Main Street.

Site Development and Acquisition

The majority of this site is currently under ownership of one entity and would be expensive to obtain and would require on-site parking, but could be done at the site. The remainder of this site is owned by Clark County and it is used for parking for the Regional Justice Center and the Jail. In addition to the arena site, it is envisioned that the intermodal center will encompass six acres and the hotel will be placed on two and a half acres, leaving 5.5 acres for Events Center development.

Site Context and Community Revitalization

An arena development at the Downtown Las Vegas Site 3 is not anticipated to cause significant negative impacts to existing neighbors. In fact, some neighbors may benefit from the addition of an arena. The potential site could complement the *Live, Work Las Vegas* development. The current plans provide for the development of the transit center on two blocks. There would be sufficient space on two additional blocks to construct the arena while the hotel would be constructed on an additional block located on the opposite side of the arena.

Ability to Maximize Revenues

The location should not have a major negative impact on the Event Center's ability to attract events. However, the site does pose some limitations as it relates to event set-up, load-in, and load-out due to the lack of adequate open space on the site. These constraints could potentially impact the event economics, limiting the ability of the Events Center to attract some events.

8.0 Site Analysis

Summary

Downtown Las Vegas Site 3 is centrally located in Las Vegas, and is being proposed as an intermodal transit center that will serve as the Valley's primary transit center. The potential site could serve as a catalyst to the development. Site accessibility could pose an issue for the ingress and egress of traffic before and after events. The site is currently under ownership of one entity.

4. Downtown Las Vegas Site 4

Downtown Las Vegas Site 4 is located just south of Charleston Boulevard and Commerce Street, and consists of 60 acres. The site is owned by dozens of individuals.

Downtown Las Vegas Site 4

<u>Capacity</u>

The site meets the minimum acreage and layout to be able to accommodate an Events Center. However, the site does not provide a sufficient level of existing parking, thereby requiring the development of either surface or structured parking. As with the majority of the sites, use of a significant portion of the site for surface parking would not be economically prudent due to the high value of the land. Therefore, it is likely that structured parking would be required. It is estimated that approximately 21 acres would be required to accommodate the Events Center and related parking, leaving approximately 39 acres available for other development. It should also be noted that there are several high rise condominium projects within ¼-mile of the site that will contain parking structures.

Access and Egress

The site has direct freeway access and is approximately 0.33 miles from Interstate 15, accessible via Charleston Boulevard. The east/west traffic count on Oakey Boulevard, which is located to the south of the site, is approximately 7,950 cars per day. It should be noted that the north bound off-ramp of Interstate 15 at Charleston Boulevard has a daily traffic count of approximately 6,450 cars, while Interstate 15, located to the west of the site, has a daily traffic count of approximately 260,000 cars. In addition, the site runs adjacent to light rail tracks, providing additional mass transit access. The site's owners own approximately ½ mile of these tracks.

Site Development and Acquisition

A real estate broker is currently offering the entire site and an assemblage agreement for $6.5 million to $8.0 million per acre to gaming operators. At the discussed price, the acquisition of the land could cost between $137 and $168 million for the 21 acres required for the Events Center and related parking. The site, which contains limited nearby parking and amenities, would likely require substantial onsite parking structures. The development of a 7,500 space parking structure would be a significant cost with minimal financial return, due to the site's lack of critical mass and the resulting lack of non-event usage for the parking structure.

Site Context and Community Revitalization

An arena development at this site is not anticipated to cause significant negative impacts to existing neighbors. In fact, some neighbors may benefit from the addition of the Events Center. The site is located near the Las Vegas Arts District which includes plans for several development projects, including mid and high-rise living.

Ability to Maximize Revenues

The location should not have a major negative impact on the event centers' ability to attract events and patrons to Events Center. However, the site does pose some limitations as it relates to event set-up, load-in, and load-out. The site's lack of direct access could have an impact on Events Center's ability to maximize event and patron levels. In addition, the cost to develop the parking would not be supportable solely from the Event Center's activity.

8.0 Site Analysis

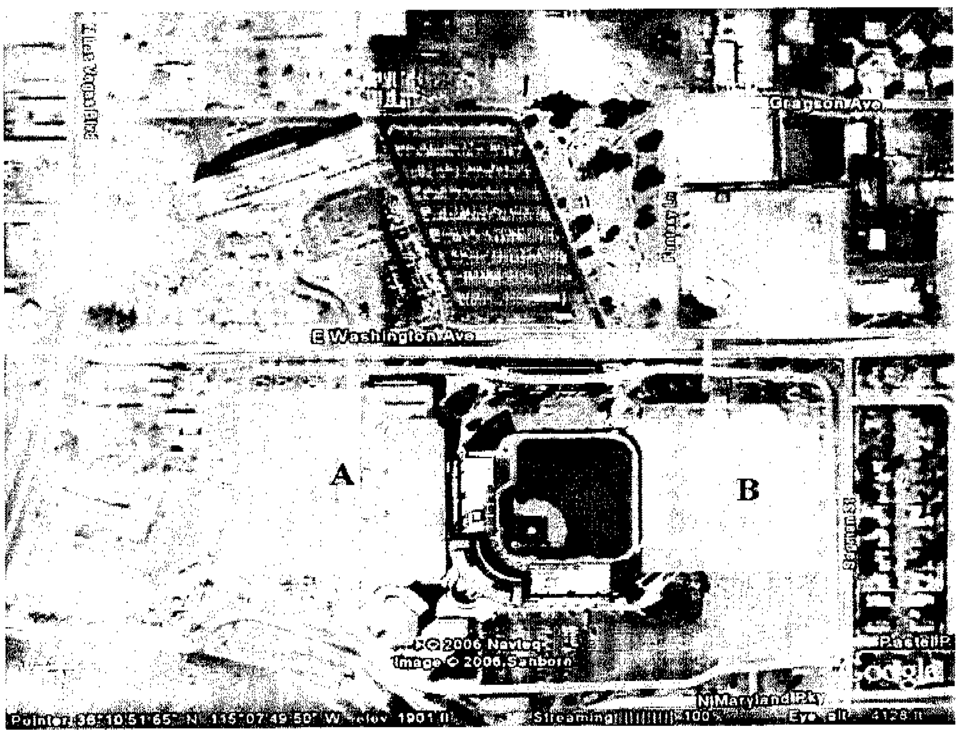
Summary

The 60 acre Downtown Las Vegas Site 4 is located just south of Charleston Boulevard and Commerce Street. The site does not provide a sufficient level of existing parking, but is large enough to accommodate a 7,500 space parking structure. It is considered likely that the existing owners are primarily interested in the sale of the site at a profit, and would not be interested in participating in the development of an Events Center. At the discussed price, the acquisition of 21 acres could cost between $137 and $168 million, while the associated parking structure could add an additional $100 million. The development of structured parking only makes economic sense if the parking is serving other needs in the area or other new developments, which is considered unlikely at this site.

5. Cashman Center Site

The Las Vegas Convention and Visitors Authority owns the 55-acre Cashman Center site, which is home to a 9,000-seat AAA Ballpark and a 100,000 square foot convention center with 16 meeting rooms and a 1,954-seat theatre. The Cashman Center was built in 1983 from property that was donated by James Cashman, a Las Vegas community leader. The site contains two potential locations for the proposed Events Center, with one location east of the ballpark and the other located on the west side of the ballpark.

Cashman Site



<u>Capacity</u>

The site provides a sufficient amount of acreage for an Events Center, however the site would need to be reconfigured to adequately accommodate the facility. The development of an Events Center on the west side of the ballpark would likely require the closure of the exhibition center and meeting space. The development of the Events Center along the east side of the ballpark would be placed in close proximity to the boundaries of the ballpark. The east location would also prevent the Events Center from incorporating a true front entrance with primary street visibility. In addition, the location of the Events Center on the east side of property would be placed across Sagman Street from a residential area, which may raise objections from those residents.

The site currently provides approximately 2,500 parking spaces. As such, any Events Center development would likely require the construction of 4,000 additional spaces via structured parking. In addition, the Events Center would likely be placed on existing surface parking, increasing the need for additional structure parking. The site has the capacity to provide 15 acres of structured parking.

Access and Egress

The site does not have direct freeway access and would be accessed via Las Vegas Boulevard or exiting US Highway 95 onto Las Vegas Boulevard. The site is approximately 0.33 miles from the freeway. Slightly north of the Cashman Site, the daily north/south traffic count on Las Vegas Boulevard is approximately 14,300 cars. While proximity and access to the freeway system is adequate, congestive conditions may be expected along Las Vegas Boulevard and East Washington Avenue.

Site Development and Acquisition

The site is owned by the County via the LVCVA. While no relocation or acquisition of existing businesses would be required, if the Events Center is located on the west side of Cashman Center, the existing exhibition center and theater would likely need to be demolished. In addition, it would be necessary to construct at least 7,500 structured spaces on-site. The inclusion of a relatively large parking structure on this site would be a significant expense (at least $100 million) with minimal return. This is due to the site's lack of critical mass and the resulting lack of the parking structure during non-event times.

Site Context and Community Revitalization

The Cashman Center site lacks the presence of an immediate commercial and retail infrastructure required to generate a critical mass. Without the support of other non-event based activity, it is unlikely that the Events Center would serve as a catalyst for major development in this location. The planned Cielo Vista high rise condominiums project is located across from Cashman Field and Cashman Event Center at Washington Avenue and Veterans Memorial Drive. It is envisioned that the Cielo Vista will be a 25 story building with 414 units and seven floors of parking. Located south of the Cashman Complex is the Neon Museum, a museum dedicated to the collection and preservation of neon signs. The museum plans to expand their operations, including an outdoor sign park and events facility. However, no additional development is planned in the area at this time.

Ability to Maximize Revenues

It is likely that the Cashman site would not provide the optimal site location in order to maximize the facility exposure and potential for corporate participation due to the limited access of the site.

8.0 Site Analysis

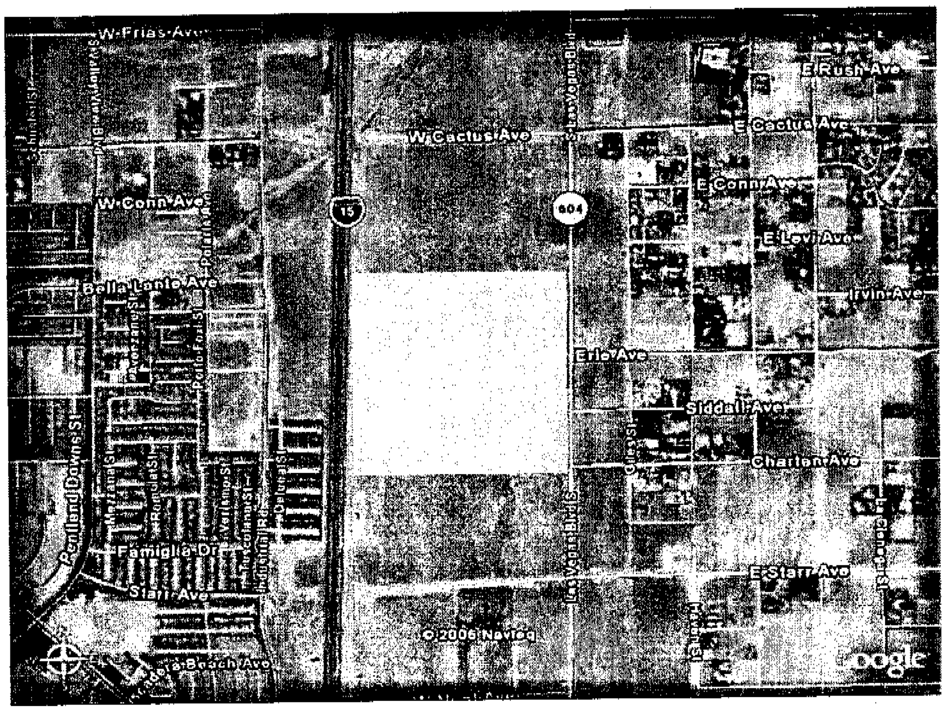
Summary

The Cashman Center site is currently home to a multipurpose facility encompassing 483,000 square feet on a 55-acre site near downtown. The development of an Events Center on the west side of this site would likely require the closure of the exhibition space and the construction of structured parking to support the venue. Although an Events Center located on the east side of the ballpark would enable the exhibition space to remain, the Events Center would be located adjacent to a neighborhood and would abut the stadium outfield wall. Due to the limited access of the site, the Cashman Center site would not offer the most favorable site location in order to maximize facility exposure and potential for corporate participation. Although the site provides a sufficient amount of acreage, the site configuration would have to be modified to accommodate an Events Center.

6. Olympia

The Olympia Site is located within the Enterprise Township in Clark County. The size of the site is approximately 250 acres, and is located directly east of Interstate 15 extending to Las Vegas Boulevard. The north boundary of the site is Cactus Avenue, and the south boundary of the site is Starr Avenue. The Olympia site and the entire South Las Vegas Boulevard Corridor ("Gateway Corridor") is master planned for casinos, resorts, hotels, entertainment uses, general businesses, professional and public offices and recreational facilities that cater both to tourists and Las Vegas Valley residents. The site's current owner, Olympia Land Corporation, plans to develop a mix of uses on the site including, but not limited to, a resort/hotel casino, residential condominium development and destination retail.

Olympia



<u>Capacity</u>

The site is an assemblage of 11 legal parcels that total approximately 250 acres. The site dimensions are approximately 5,280 feet in the north/south direction by 2,150 feet in the east/west direction. The site would be capable of accommodating a parking structure with 1,500 VIP parking spaces and a minimum of 6,000 additional parking spaces within close proximity to the Events Center. The necessary land required for the Events Center and associated parking would likely require 21 acres of the 250 acres. Based on the mixture of uses that are planned on the site, these parking spaces will be dedicated and/or shared with over 98 percent availability on the weekends and after 5:00 p.m. on weekdays.

The construction of future utilities to service the site will be completed, so there will be no interruption of existing utilities. The large vacant site will allow construction crews to stage and efficiently and effectively construct the new Events Center. There are no constraints of any kind on this site that would prohibit construction.

Access and Egress

The Olympia site is located directly east of Interstate 15 between Cactus Avenue and Starr Avenue. A complete Single Point Urban Interchange is planned for Cactus Avenue and Interstate 15, providing complete access to the site. A Single Point Urban Interchange is a contemporary design, recently incorporated into local construction, providing a more compact and more efficient means for traffic movements. An Interchange is also planned for Starr Avenue and Interstate 15, which will provide for, at a minimum, northbound on and off ramps at Starr Avenue. One mile north of the site, there will be another Interstate 15 Interchange at Silverado Ranch, and two miles south of the site, there will also be an Interchange at St. Rose Parkway. In addition to the interstate access, the site is bordered by two major east/west arterials (Cactus Avenue and Starr Avenue) and by Las Vegas Boulevard.

The Nevada Department of Transportation ("NDOT") plans for Las Vegas Boulevard to be a six (6) lane corridor with a regional fixed guide way corridor in the median, which is anticipated to extend to the Ivanpah Airport. The proposed Frank Sinatra Drive frontage road will border the site to the west and will provide additional multi-lane north/south access between Cactus Avenue and Starr Avenue. The site's four corners will be signalized for convenient and easy access around the site without flooding the adjacent land uses.

The site will also be near and/or adjacent to mass transit and pedestrian access. The Las Vegas Boulevard Corridor has been identified by the Regional Transportation Commission ("RTC"), NDOT and Clark County as a future Bus Rapid Transit ("BRT") or Light Rail Transit ("LRT") corridor that may extend as far as Ivanpah Airport. The four major streets surrounding the site will accommodate easy and convenient pedestrian access. This access will be incorporated into the site for connectivity and walkability between the Events Center and the other mix of uses on the site. The planned infrastructure and access to the site is more than adequate to handle the Events Center on the site.

The Olympia Site is six miles from McCarran International Airport, 1.7 miles from the Henderson Executive Airport and 3.1 miles from the future Ivanpah Airport. The adjacent daily east/west traffic count on Cactus Avenue, 0.1 miles east of Las Vegas Boulevard, is approximately 2,500 cars; while the daily east/west traffic count on Erie Avenue at Las Vegas Boulevard is approximately 420 cars. In addition the daily traffic count along Las Vegas Boulevard, adjacent to the site, is approximately 29,800 cars.

8.0 Site Analysis

Site Development and Acquisition

There will be no anticipated land assemblage associated with the Events Center portion of the site since Olympia owns the land. Further, there will be no business relocation costs required because the site is currently vacant. The cumulative taxable value of the Olympia land is $208.6 million. The venue will require a minimum of 21 acres, which includes 10 acres for the Events Center and V.I.P. parking, eight acres for a general parking structure and three acres for staff parking and staging. Based on discussions with the property owner, the market value of the 21 acres would be approximately $75 million.

There are no environmental remediation issues on the site, so there will be no environmental costs. An environmental report was prepared on the site that verified there are no development concerns. The site will require construction of new roadways or the widening of existing roadways (Cactus Avenue, Starr Avenue, Las Vegas Boulevard, and Frank Sinatra Drive). These roads are not yet completed because the site is currently undeveloped. The design and construction of the above roadways can be completed in a relatively short time. The required construction of these roadways is typical for the development of this type of facility and for the other future uses on the site.

There are no noise ordinances, land-use restrictions, assessments or unusual development restrictions that adversely affect the site. There are no unusual site characteristics that would result in high construction costs, therefore the site could be delivered in a cost effective manner.

Site Context and Community Revitalization

The site is located at the South Gateway to the Las Vegas Valley between Interstate 15 and Las Vegas Boulevard. It is located within the Enterprise Township in Clark County and is master planned for land uses in the Las Vegas Valley catering to both tourists and the local community.

From a land use perspective, the site has been earmarked for a mix of uses, potentially including an Events Center. The South Las Vegas Gateway is planned to revolve around tourism with land uses such as resort hotel/casinos, destination retail, entertainment uses and high density residential. In 2001, the site was zoned H-1 to allow a resort hotel/casino on the site (ZC-0674-01). A use permit for a resort hotel/casino and to expand the gaming enterprise district was approved with the zone change. The site is entitled for two nine-story resort hotel/casino towers with four hundred hotel rooms each, 80,000 square feet of casino floor each and 77,000 square feet of ancillary area each.

The Events Center could complement, enhance and accelerate development in the surrounding area. The mix of planned resort hotel/casinos, destination retail, restaurant and residential uses along the South Las Vegas Boulevard Gateway make the site a prime location for an Events Center.

Ability to Maximize Revenues

The proximity and ease of access to the site from the Strip Corridor allows for accessibility from tourists as well as the local population who would prefer to attend events off the Strip. Given this prominent location, the site could be a flagship of the emerging "South Strip" with high visibility and ease of access that provides for maximum attendance from key customer segments.

Summary

The Olympia Site is located approximately seven miles south of the Strip and adjacent to Interstate 15. The site is accessible and in close proximity to the airports, Strip properties, downtown Las Vegas and a number of residentially master planned communities. The mixed use development options are limitless with the Olympia site, which offers significantly more acreage than most other competing sites. These mixed use options can include public benefits, including youth recreational and educational facilities and parks. The establishment of a "South Strip" anchor may prove instrumental in generating incremental revenue for all stakeholders involved, especially as additional development opportunities result and business opportunities in and around the "South Strip" are enhanced.

The site development costs at Olympia may be less expensive than alternative sites given that there are no displacement or business relocation costs and permits and environmental studies are already completed. In addition, community, neighborhood and local business interests are not impacted, eliminating the need costly public relation campaigns.

While the cost to acquire the land could have an impact on the project's viability, the developer has indicated their desire to consider participating in the development and operation of the venue at this location. There are many alternatives that can be explored with Olympia Land with regard to Olympia's contribution/lease/operation for the development in order to maximize the public benefit. The time to market and development may be quicker than other sites given Olympia has already completed an environmental impact report, lack of displacement costs and proactive initiatives to expand infrastructure such as roadways and mass transit.

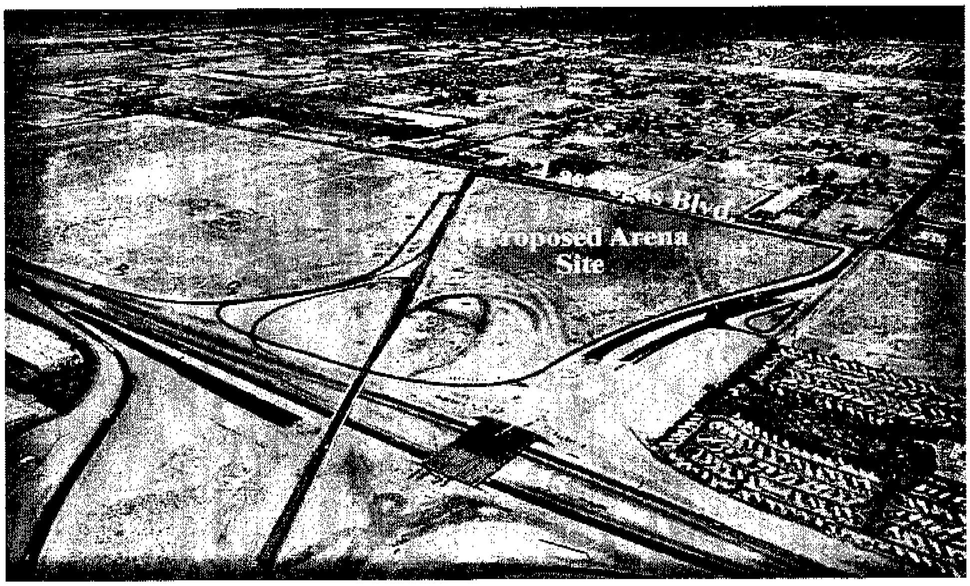
The Olympia site will be able to develop optimal ingress and egress alternatives given its size and location. The site located well south of the Strip, which may provide a less congested and more suitable location for local residents and tourists to experience alternative sports and entertainment offerings outside the Las Vegas Strip.

It is possible that if Olympia were to be involved in the operations of the venue, the Events Center would not likely be viewed as a neutral site. However, Olympia Land has indicated their desire to participate in the project and keep the venue "neutral" in order to maximize the facility's utilization and viability at this site. However, overall the site is suitable for an Events Center development and, depending on the development parameters, could maximize the opportunity for success.

7. Nassiri

The Nassiri Site is bordered by Interstate 15 to the west, Las Vegas Boulevard to the east, Blue Diamond Road to the south and Warm Springs Road to the north. The proposed site consists of 66.11 contiguous acres.

Nassiri



Capacity

The proposed site's master plan will provide for a minimum of 281,000 square feet of space for the Events Center footprint and will provide sufficient acreage to facilitate structured parking for no less than 7,500 spaces. The Events Center and associated parking would likely require approximately 21 of the 66.11 acres.

The site is currently vacant and will require the development of utilities and infrastructure. Utility access and infrastructure is available in the surrounding area, so this development is assumed to cause no interruption to the existing surrounding area.

Access and Egress

The site runs directly parallel to Las Vegas Boulevard on the east boundary and has access to Interstate 15 via Blue Diamond Road along the site's southern boundary. The site has ample area for construction staging as well as sufficient ingress and egress. The daily traffic counts for the Blue Diamond Interchange with Interstate 15 varied from 2,206 to 32,500 cars, while the adjacent daily north/south traffic count for Las Vegas Boulevard is approximately 20,500 cars.

8.0 Site Analysis

Site Development and Acquisition

Mr. Fred Nassiri is the sole owner of the 66-acre property. The cumulative taxable value of the Nassiri site is $20.4 million. The market value for land in this area ranges from $3 to $4 million per acre, which would equate to $63 to $84 million for the 21 acres necessary to construct the arena and vertical parking. Mr. Nassiri is currently in discussions with Dreamscape Development to sell the site for the development of a new sports and entertainment development.

Site Context and Community Revitalization

The Nassiri Site will not present any adverse safety problems for the community, and the site is currently zoned within the guidelines for this type of development and will be suited for any modification of zoning for facilitating a venue of this nature. The Nassiri Site will be designed and marketed to be accessible to all casinos and hotels and it is approximately two miles from the airport and is easily accessible for all travelers. In addition, the proposed development will provide a vast array of restaurants and retail and other amenities along with a planned hotel/condo development along Las Vegas Boulevard. The site would potentially spur additional developments in the surrounding area for additional ancillary developments.

The entire site carries and is entitled to (H-1 & Mud-1) the highest density resort district zoning available per the Comprehensive Plan - Clark County dated June 8, 2005 and Clark County Mixed Use Plan Dated February 9, 2005.

H-1 Zoning allows for Hotels, Casino's, Entertainment uses, Commercial uses and High density Multi-Family Condominiums, Condominium Hotels and residential uses. MUD-1 density allows most intense urban form density greater than 50 units per acre up to 100 units per acre typically permitting greater than 100 units per acre with use permits being granted.

Ability to Maximize Revenues

When fully developed, the Nassiri Site will provide all amenities necessary to support a variety of events from rodeos, sporting events, concerts as well as conference hall space and exhibit space. The short distance and ease of access to the site from the Strip Corridor allows for access from tourists as well as the local population. Given this prominent location, the site could be a flagship of the emerging "South Strip" with high visibility and ease of access that provides for maximum attendance from key customer segments.

8.0 Site Analysis

Summary

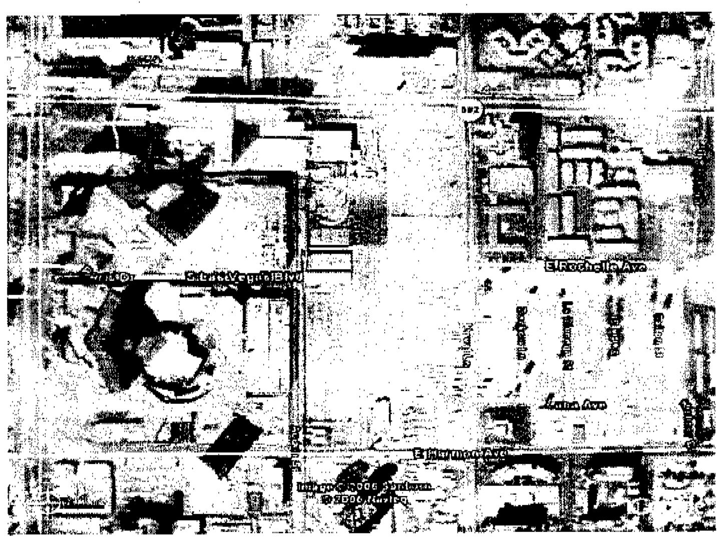
The 66.11-acre Nassiri Site is located in the highest density resort district zoning available per the Comprehensive Plan. This master plan will provide for a minimum of 281,000 square feet of space for the Events Center footprint and will provide sufficient acreage to facilitate vertical parking for no less than 7,500 spaces on site.

The Nassiri Site is located approximately four miles south of Strip and adjacent to Interstate 15. The site is accessible and in close proximity to the airports, rental car facilities, Strip properties, downtown Las Vegas and a number of residentially master planned communities. The cost of the land acquisition could have an impact on the project's viability. However, Dreamscape Development has indicated their desire to consider participating in the development and operation of the venue at this location. Although the development of a 7,500 space parking structure would be expensive, the parking would also service the other development that is being planned, helping offset the cost of the parking structure. The site is suitable for an Events Center development and depending on the development parameters could maximize the opportunity for success.

8. Harrah's

The Harrah's Site is located on the east side of Bally's Las Vegas, Paris Las Vegas and the Aladdin Resort & Casino, bounded by Koval lane to the east, parking lots (north of East Harmon Avenue) to the south, Audrie Street/Paris/Bally's to the west, and East Flamingo Road to the north. The site consists of 28 acres and is located in close proximity to the Las Vegas Strip with ample acreage, and multiple means of access. This is also the site that has been discussed in the past as a possible location for a Major League Baseball ballpark. This site is the closest of any proposed sites to the Strip.

Harrah's



<u>*Capacity*</u>

The total size of the site is estimated at 28 acres, which would be sufficient to accommodate an Events Center with VIP parking requiring 9.5 acres. An additional 6,000 parking spaces dedicated to the Events Center or shared with other facilities in the area could be constructed on the site as well (approximately 8 acres are required for a 6,000-space parking structure). Because of its large size, the site could accommodate a staging area for construction crews. Topographically, the site is relatively flat. It is unclear whether an additional substation would be required to provide sufficient utilities to a new Events Center on this site.

Access and Egress

The site is located less than one mile from Interstate 15, with a highway exit at East Flamingo Road providing direct access to the northern end of the site. The site may also be accessed directly by Koval Lane to the east and Audrie Street from the west. All access roads have two lanes running in each direction except for East Flamingo Road, which has three lanes running in each direction. The site is also one block from the Las Vegas Strip, which provides three lanes of traffic in both directions. Proximity to the freeway system is less than adequate. Given the distance from Interstate 15 and the significant level of traffic around the Strip, congestive conditions could be expected at the intersections along Koval Lane, Audrie Street and Flamingo Road.

Ample public transportation is available to the site. The monorail stops at Bally's/Paris and at the Flamingo Las Vegas to the north. Various bus routes also provide transport to the site, including Citizen Area Transit ("CAT") 202 that runs along Flamingo, CAT 807 that runs along Flamingo on weekdays, and CAT routes 301 and 302 that run along Las Vegas Boulevard. Pedestrians may walk along Flamingo, Koval and Audrie to access the site. The current daily traffic counts adjacent to the site include 65,000 on Flamingo, 34,000 on Koval, and 15,700 on Harmon. The daily east/west traffic count for Flamingo Road near Koval is approximately 62,000 cars, and the daily north/south traffic count for Koval near Flamingo Road is approximately 34,000 cars.

Site Development and Acquisition

The site is comprised of six parcels owned by four different wholly-owned affiliates of Harrah's. Since the identified site is currently comprised primarily of parking lots, no business relocation would be required. Harrah's does not believe that environmental remediation or significant demolition will be required to prepare the site for Events Center construction. In addition, the site will not require construction of new roadways (aside from those to facilitate traffic on-site). Currently, Harrah's is not aware of any unusual development restrictions or site characteristics that would impact development or increase site preparation costs. The cumulative taxable and market value of the 21-acres on the site is $131.1 million.

Site Context and Community Revitalization

The site is less than three miles from McCarran International Airport, and is in close proximity to many casinos and hotels. In particular, the site abuts Bally's, Paris and the Aladdin, and the site is within two blocks of The Bellagio, Flamingo, Caesar's Palace and Barbary Coast.

These properties offer a variety of retail, dining and lodging uses that would complement and support an Events Center on the Harrah's site. It is possible that a new Events Center could revitalize the area behind Bally's, Paris and Aladdin. Currently, the site is used for parking and storage of trucks, but a new Events Center could spur additional development along the Koval and Harmon corridors.

The Harrah's site is zoned H-1, Limited Resort and Apartment District. This zoning allows for the development of gaming enterprises, compatible commercial mixed commercial and residential uses, while prohibiting the development of incompatible uses that are detrimental to gaming enterprises. Harrah's believes the zoning allows for a new Events Center, however, it is their understanding that a developer would need to obtain a special use permit to construct such a facility.

It is likely that a redevelopment of the magnitude of the planned Events Center development in this area could become a catalyst for further development in the area. While this is certainly not guaranteed, and there are several examples of similar arena projects within under-developed areas, it is considered likely that adjacent property values would rise and some support development would follow.

Some existing neighbors to the site might support this evolution, while others may oppose it. The most immediate impact to existing neighbors would be a significant increase in activity and traffic before and after events at the Events Center. This could pose a major obstacle to the existing neighbors, particularly if event traffic regularly occurs during normal business hours.

Ability to Maximize Revenues

Given its proximity to the Strip, an Events Center would have access to over 10,000 hotel rooms nearby and millions of visitors each year within a short distance via walking, taxi, or public transportation. This could be attractive to events desiring of a captive audience, particularly tourists to Las Vegas. Local visitation would be facilitated by major roadway access and the construction of additional parking. When compared to the current Thomas & Mack Center, which is several blocks further away from the Strip, the site is more convenient for tourists to access. However, the congestive conditions that exist currently would likely be worsened with the presence of an Events Center on this site.

8.0 Site Analysis

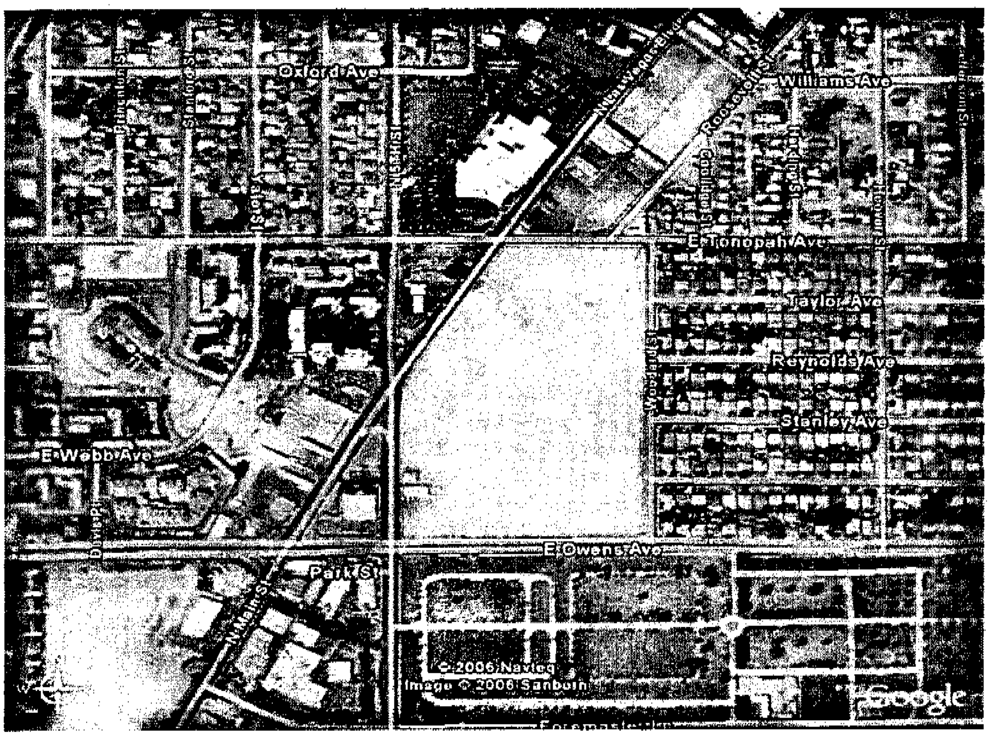
Summary

The 28-acre Harrah's site is located on the east side of Bally's Las Vegas, Paris Las Vegas and the Aladdin Resort & Casino. This site is the closest of any sites to the Strip and offers a variety of retail, dining and lodging uses that would complement and support an Events Center on the Bally's site. It is possible that a new Events Center could revitalize the area behind Bally's, Paris and Aladdin. The site provides sufficient acreage and multiple means of access. The Harrah's site would likely maximize tourist participation in a new Events Center; however, it could also deter local participation due to traffic. The estimated land value is one of the highest given its close proximity to the Strip. The land acquisition could make an event center project not feasible unless there was significant participation from a private developer. Harrah's has indicated their willingness to consider participating in the development and operation of the project. However, if Harrah's were to be involved in the operations of the venue, the Events Center would not likely be viewed as a neutral site, which could impact the potential for public participation at this site.

9. North Las Vegas Site 1

North Las Vegas Site 1 is located at the northeast corner of Owens Avenue and Las Vegas Boulevard and consists of 23.78 acres. The site is currently owned by B.E. Trade Investments Group.

North Las Vegas Site 1



<u>Capacity</u>

The site meets the minimum requirements for acreage, layout, and parking. However, the site and the surrounding areas do not currently provide any existing inventory of parking. An Events Center at this site would require a minimum of 21 acres, which includes 10 acres for the arena and V.I.P. parking, eight acres for 6,000 additional spaces in a parking structure and three acres for staff parking and staging. As such, the entire site would be required to accommodate the development of the Events Center.

8.0 Site Analysis

Access and Egress

The site is bordered on five sides by East Owens Avenue on the south, North Las Vegas Boulevard (5th Street) on the southwest, Woodard Street on the East, East Tonopah Avenue on the north and North Main Street on the northwest. The site is accessible from Interstate 15 via the Lake Mead Boulevard Interchange at North 5th Street, located less than one mile north of the site. The daily east/west traffic count for Owens Avenue at Las Vegas Boulevard is approximately 11,000 cars. The site is also adjacent to the Mass Transit Corridor and Super Arterial Roadway - North 5th Street. While proximity to the freeway and supporting surface streets is adequate, congestive conditions may be expected along each of the surface streets providing access to the site. The site is accessible from Interstate 15 via the Blue Diamond Interchange at Las Vegas Boulevard, located 1.9 miles north of the site.

Site Development and Acquisition

No relocation of existing businesses would be required, and the entire site is controlled by one entity. As previously noted, the development of an Events Center would require the entire site, limiting the potential for other development. The cumulative taxable value for 21-acres on the North Las Vegas Site 1 is $8.6 million.

Site Context and Community Revitalization

The site is located within the downtown commercial corridor and redevelopment area, and the site is zoned as a redevelopment and focus area. The Woodland Cemetery is located south of the proposed site, across Owens Avenue. The site is bordered on the east by residential neighborhoods located across Woodard Street.

The site lacks the presence of an immediate commercial and retail infrastructure required to generate a critical mass. Without the support of non-event based activity, the site would likely fall short of the opportunity to make a greater contribution to the overall community and region.

Ability to Maximize Revenues

Due to the lack of highway visibility and other supporting development, it is likely that the site would not provide the optimal site location to maximize the facility exposure and potential for corporate participation.

8.0 Site Analysis

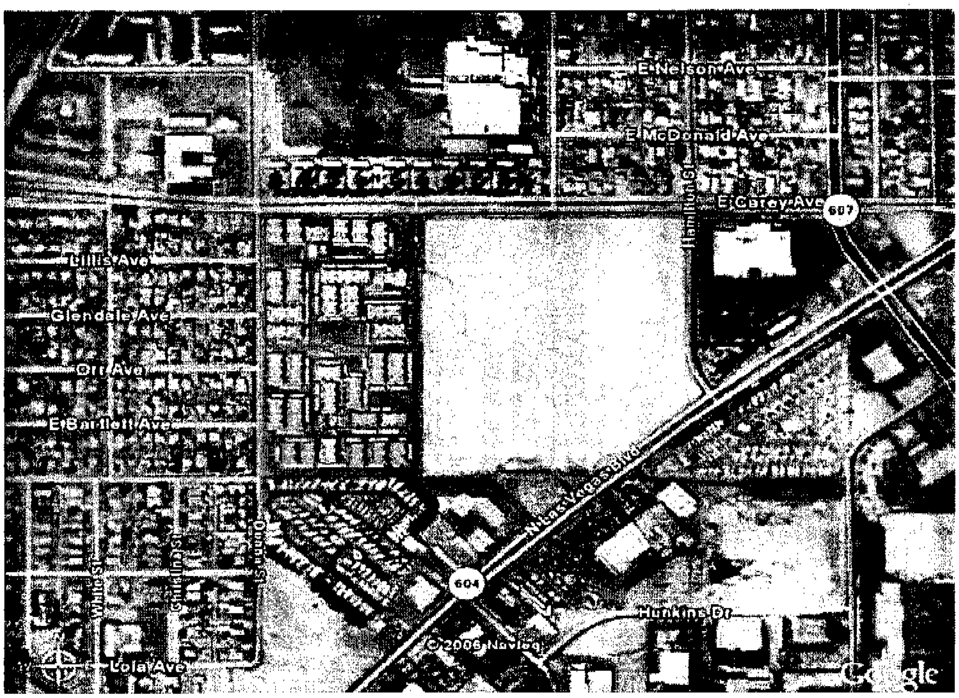
Summary

The North Las Vegas Site 1 consists of 23.8 acres and is currently owned by one entity, B.E. Trade Investments Group. The site meets the minimum requirements for acreage, layout and parking and is located within the North Las Vegas downtown commercial corridor and redevelopment area. The site's close proximity to residential areas could inhibit access to the site and future development, as well as pose a problem with residents. As the Events Center development would likely require the total available acreage, no additional development could occur on-site to help offset the parking costs. Due to the lack of critical mass and the resulting lack of non-event usage for the parking structure, the inclusion of such a structure would represent a significant expense with minimal return.

10. North Las Vegas Site 2

North Las Vegas Site 2 is located at the northwest corner of Las Vegas Boulevard and Hamilton Street and consists of 32.35 acres. The site is currently owned by Bradshaw and Associates.

North Las Vegas Site 2



Capacity

The site meets the minimum requirements for acreage, layout and parking. However, the site and the surrounding areas do not currently provide any existing inventory of parking. Up to 7,500 spaces would need to be constructed in either structured or surface parking. If surface parking was constructed, the entire site would need to be acquired. If structured parking was built, it would be necessary to acquire 21 of the 32 total acres.

Access and Egress

The site is located within 0.43 miles east of Interstate 15, with access to the site available on three sides with North Las Vegas Boulevard on the south, Hamilton Street on the east and Carey Avenue on the north. The east/west traffic count for Carey Avenue at Civic Center is approximately 16,600 cars per day. While proximity to the freeway system is adequate, congestive conditions may be expected along the surface streets providing access to the site before and after events at the proposed facility.

Site Development and Acquisition

No relocation of existing businesses is required, and the entire site is controlled by one entity. The cumulative taxable value of the North Las Vegas Site 2 is $8.2 million. However, the inclusion of a large parking structure at this site would be a significant expense with minimal return, due to the lack of critical mass on the site and the resulting lack of non-event usage for the parking structure.

Site Context and Community Revitalization

The site is located within the downtown commercial corridor and redevelopment area. There is a residential area located north of Carey Avenue from the proposed site. The site lacks the presence of an immediate commercial and retail infrastructure required to generate a critical mass of activity. Without the support of other non-event activity, an Events Center at this site would likely fall short of the opportunity to provide a greater contribution to the community as a whole.

Ability to Maximize Revenues

The location should not have a major negative impact on the Event Center's ability to attract events and patrons to the Events Center. It is likely that the site would not provide the optimal site location in order to maximize the facility exposure and potential for corporate participation.

Summary

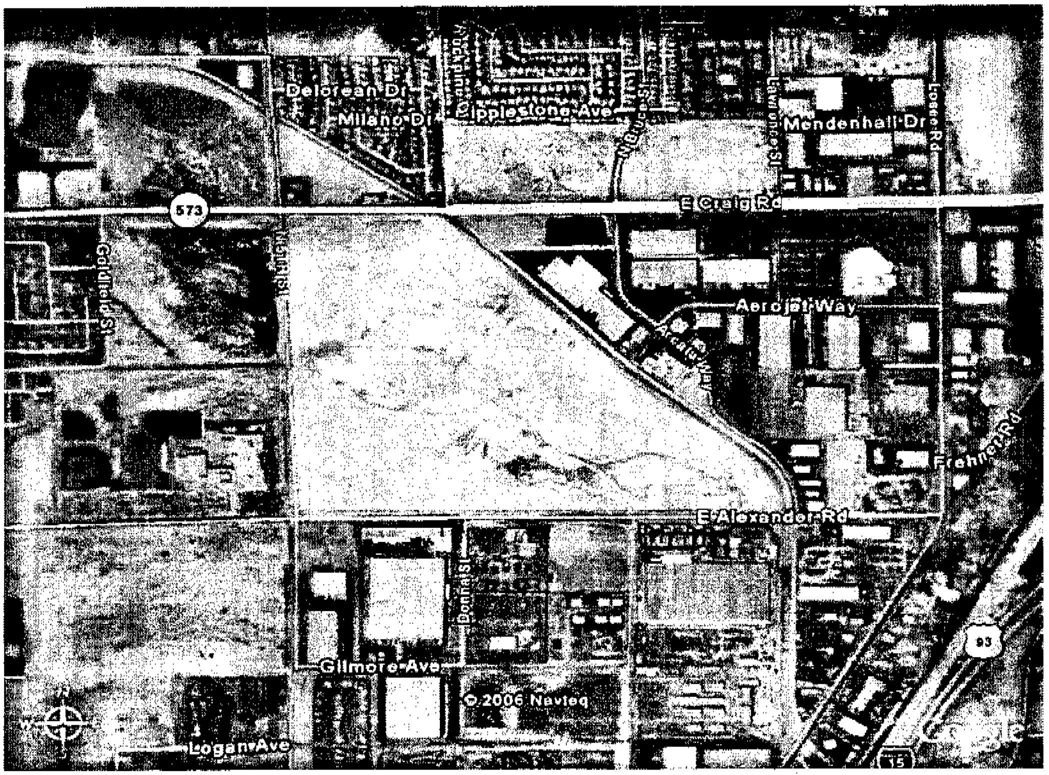
North Las Vegas Site 2 consists of 32.35 acres and is currently owned by one entity, Bradshaw and Associates. The site meets the minimum requirements for acreage, layout and parking and is located within 0.43 miles of the Interstate. The site is zoned as a redevelopment area and commercial retail area.

As the event center development would likely require the majority of the available acreage, only smaller development could occur on-site to help offset the parking costs. Without a developer who would be interested in participating in the development and operation of the venue, the cost to acquire the land and construct a parking facility would likely make the project not feasible.

11. North Las Vegas Site 3

The North Las Vegas Site 3 is located on the southeast corner of Craig Road and 5th Street and consists of 150.02 acres. The site is currently owned by Athena Group, LLC.

North Las Vegas Site 3



<u>Capacity</u>

The site meets the minimum requirements for acreage, layout, and parking. The site and the surrounding areas do not currently provide any existing inventory of parking. Given the size of the site, it would be possible to construct surface parking. However, the use of such relatively high value land for surface parking may not be economically prudent. The excess land on the site could be available for future development.

Access and Egress

The site is within 1.5 miles of Interstate 15, and access to the site is available on all four sides with Craig Road on the north, East Alexander Road on the south, North 5th Street on the west and Arcata Way on the east. The north/south traffic count for 5th Street at Craig Road is approximately 8,600 cars per day. The site is also adjacent to the Mass Transit Corridor and Super Arterial Roadway - North 5th Street. While freeway and surface street access to the site is adequate, congestive conditions could be expected on all access streets to the site, particularly during event times.

Site Development and Acquisition

No relocation of existing businesses would be required and the entire site is controlled by one entity. The cumulative taxable value of the North Las Vegas Site 3 is $32.3 million. Per discussions with the current land holder, the market value for 21 acres of the site is approximately $16.8 to $18.2 million.

Site Context and Community Revitalization

The site is located within the North Las Vegas commercial district; therefore, land not required for the Events Center and related parking could be utilized for additional commercial development. As such, the site is zoned as a planned unit development area. The property owners envision part of the surrounding area to be developed into a mixed use development containing commercial and residential space similar to the Desert Ridge Development in Arizona. The development is proposed to include 1.2 million square feet of commercial space and a 125-unit residential area containing town homes and apartments.

It is possible that a redevelopment of a scope similar to the proposed Events Center development in this area could become a catalyst for further development in the area around the site. While this is not guaranteed, and there are several examples of similar facilities in under-developed areas, it is likely that adjacent property values would increase and some support development would follow.

Ability to Maximize Revenues

The location should not have a major negative impact on the Event Center's ability to attract events and patrons to the Events Center. The site's size could help justify the development of structured parking with additional development opportunities.

8.0 Site Analysis

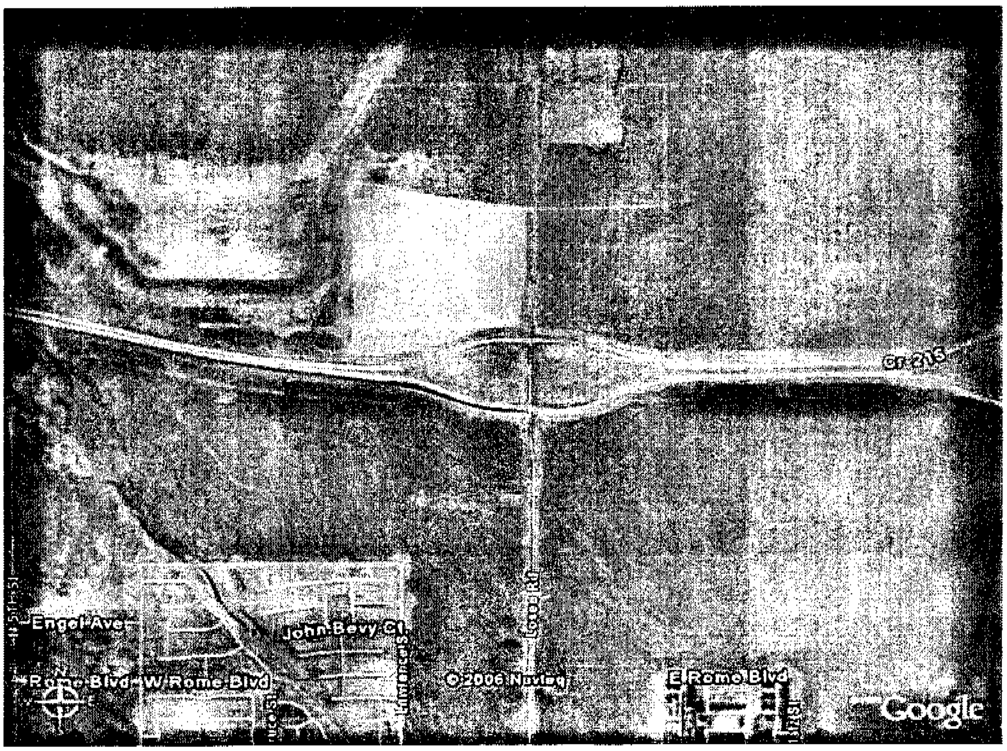
Summary

The 150.02-acre North Las Vegas Site 3 is currently owned by one entity, Athena Group, LLC. The site meets the minimum requirements for acreage, layout and parking and is located within 1.5 miles of the Interstate. The site is zoned as a planned unit development area and is located within the commercial district. Although the property owner envisions selling the land, their participation level depends upon the final project scope. Without a developer who would be interested in participating in the development and operation of the venue, the project may not be feasible.

12. North Las Vegas Site 4

North Las Vegas Site 4 is on the northwest corner of Losee Road and Elkhorn Road and consists of 53.61 acres. The site is currently owned by Land Investors, LLC/DRHI, Inc.

North Las Vegas Site 4



<u>Capacity</u>

The total size of the site is estimated at 53.61 acres, which would be sufficient to hold an Events Center with VIP parking requiring 9.5 acres. An additional 6,000 parking spaces dedicated to the Events Center or shared with other facilities in the area could be constructed on the site as either surface or vertical parking. While the remaining site area available for development would be reduced as a result of the Events Center and related parking, it is anticipated to be more than adequate for the Events Center development. However, structured parking would likely be required to facilitate event parking and leave sufficient land for additional development.

8.0 Site Analysis

Access and Egress

The site is adjacent to the 215 Beltway, with access to the site available from the 215 Beltway on the south and Losee Road on the east. Currently, the 215 Beltway connects from Interstate 15 in the north and loops around the northwest, west, southwest, and southeast sides of the region to connect to the new Henderson Interchange with US Highway 95 in the southeast. The site is located 0.46 miles from the Mass Transit Corridor and 0.68 miles from The Super Arterial Roadway - North 5th Street. South of the site, the daily north/south traffic count for Losee Road at Tropical Parkway is approximately 11,500 cars.

Site Development and Acquisition

No relocation is required and the entire site is controlled by one entity. The cumulative taxable value for 21 acres of the North Las Vegas Site is $5.2 million.

Site Context and Community Revitalization

Potential development in the area includes a master planned community, and the site is zoned as a regional commercial with resort area. It is likely, but by no means guaranteed, that a redevelopment of the magnitude of the planned Events Center development could become a catalyst for further development in the area. With time, it is considered likely that adjacent property values would rise and some form of support development would follow such a development. However, the impact to existing neighbors must be considered with this type of development, as some may support it and others will oppose it.

Ability to Maximize Revenues

It is likely that, due to the limited visibility and distance from the population and corporate core of the Valley, the site would not provide the optimal site location in order to maximize the facility exposure and potential for corporate participation. The site's size could help justify the development of structured parking with additional development opportunities.

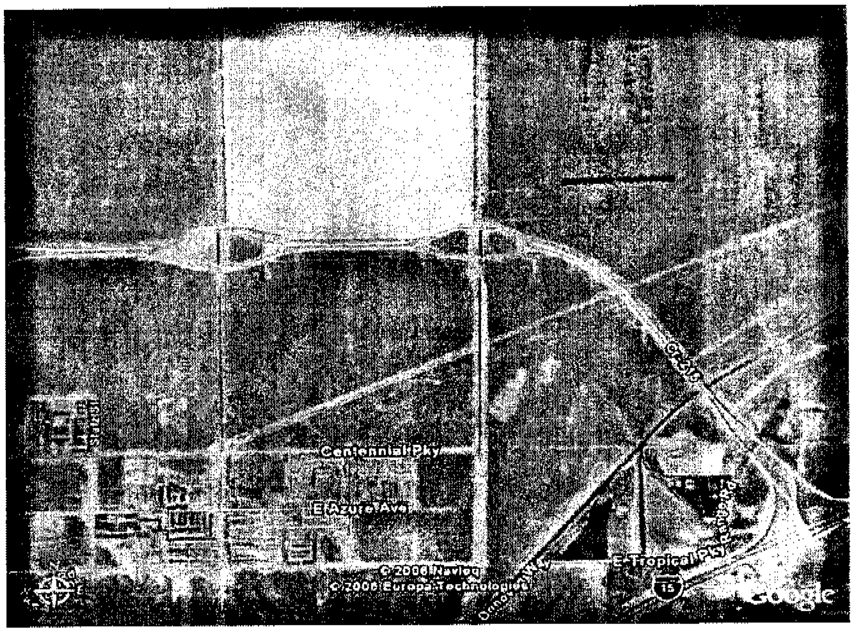
Summary

The 53.61-acre North Las Vegas Site 4 is currently owned by Land Investors, LLC/DRHI, Inc. The site meets the minimum requirements for acreage, layout and parking and is located adjacent to the 215 Beltway with access to the site on three sides. The site is zoned as a planned unit development area and is located within the commercial district. The site is zoned as a regional commercial with resort area and potential development in the area includes a master planned community. Without a developer who would be interested in participating in the development and operation of the venue, the cost to acquire the land and construct a parking facility would likely make the project not feasible.

13. North Las Vegas Site 5

North Las Vegas Site 5 is located at the northeast corner of Lamb Boulevard and Elkhorn Road and consists of 731.98 acres. The site is owned by the United States Bureau of Land Management with a reservation dedicated for use by the Nevada System of Higher Education (NSHE) in conjunction with the University of Nevada Las Vegas (UNLV).

North Las Vegas Site 5



Capacity

The site provides more than sufficient space to encompass an Events Center with VIP parking requiring 9.5 acres. An additional 6,000 parking spaces dedicated to the Events Center or shared with other facilities in the area could be constructed on the site.

Access and Egress

The site is within two miles of Interstate 15, though access to the site is only available on three sides. Two blocks south of site, the daily north/south traffic count for Lamb Boulevard and Interstate 15 is approximately 3,900 cars. The site is adjacent to the Mass Transit Corridor. While access and proximity to the Interstate is adequate, congestive conditions may be expected along Lamb Boulevard and other access roads.

Site Development and Acquisition

Because the site is currently vacant, no relocation of existing business is required. The entire site is controlled by one entity, the Bureau of Land Management.

Site Context and Community Revitalization

The site lacks the presence of the immediate commercial and retail infrastructure required to generate a critical mass. Without the support of non-event activity, an Events Center at this site would likely fall short of the opportunity to create a greater impact on the community as a whole. Nearby potential development includes a Veteran's Administration Hospital and the UNLV North Campus. The North Campus could be utilized as a sports campus, anchored by the new Events Center, which could free up space on the existing UNLV campus. The site is zoned open land. The development of a sports campus could serve as a catalyst for the North Campus.

Ability to Maximize Revenues

If an Events Center were constructed on the site, it would likely be controlled by UNLV consistent with the existing situation. While this could provide added visibility in the community and nationally for the Events Center, the scheduling conflicts present at the Thomas and Mack Center would still exist, impacting the ability of the venue to attract certain events.

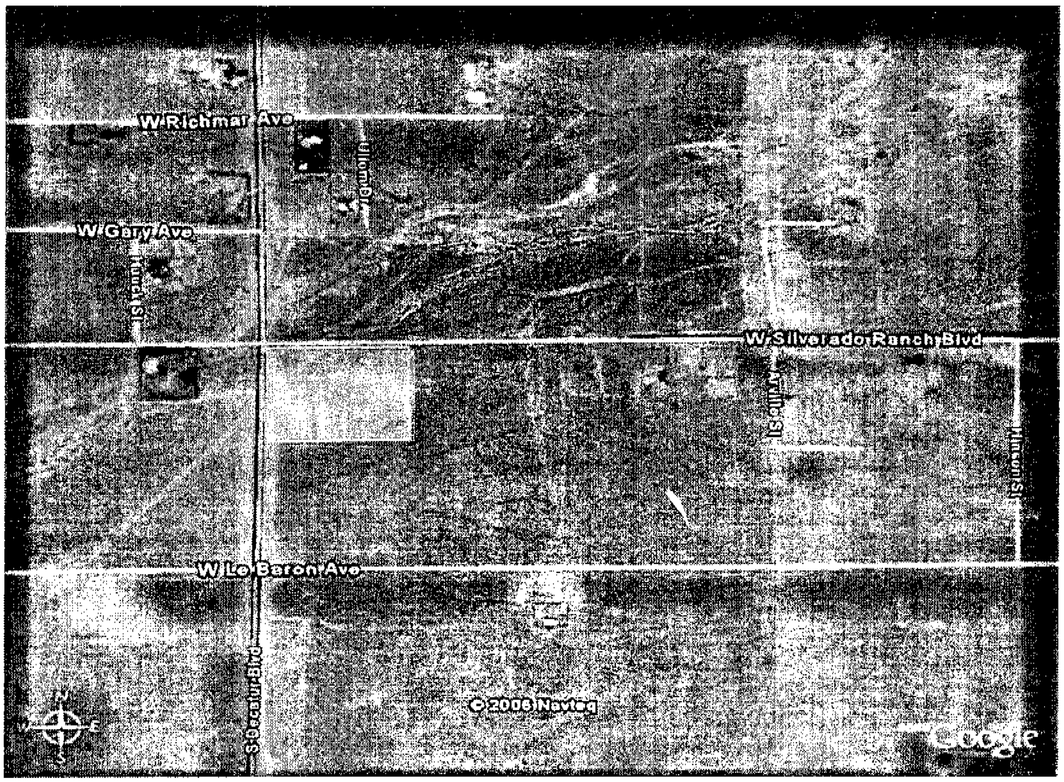
Summary

The North Las Vegas Site 5 is located on a tract of land owned by the United States Bureau of Land Management with a reservation dedicated for use by NSHE in conjunction with UNLV. It is envisioned that this 731.98 acre site could be the future location of a North Campus which could be utilized as a sports campus, anchored by the new Events Center. The site meets the minimum requirements for acreage, layout and parking and is located within two miles of the interstate.

14. Clark County

The Clark County Site is located in southwest Las Vegas and consists of 59.15 acres. The site is currently owned by Clark County. The site is bordered by Silverado Ranch Boulevard on the north, Decatur Boulevard on the west, Le Baron Avenue on the south and partially bordered by Arville Street on the east.

Clark County



<u>*Capacity*</u>

The 59.15-acre site provides adequate land for the development of an Events Center with VIP parking requiring 9.5 acres. An additional 6,000 parking spaces dedicated to the Events Center or shared with other facilities in the area could be constructed on the site, either surface or vertical parking. The excess acreage could enable the developers to construct other amenities and uses that could also utilize the parking.

Access and Egress

The site is located approximately 1.4 miles west of Interstate 15 on Silver Ranch Boulevard and approximately 6.8 miles south of the Strip. It is anticipated that an Interchange will be constructed where Silver Ranch Boulevard intersects Interstate 15. The current traffic count of 13,000 cars per day on Las Vegas Boulevard adjacent to the site could pose a congestion issue for the site. The current capacity of the streets in proximity to the site are probably not capable of supporting arena event traffic.

Site Development and Acquisition

As the County currently owns the site, the potential land acquisition could be minimal. However, the site lacks the immediate commercial and retail infrastructure required to generate a critical mass. Without the non-event activity provided by this infrastructure, an Events Center at this site would likely be unable to generate a significant positive contribution to the community at large.

Site Context and Community Revitalization

The site is located in southwest Las Vegas Valley between Interstate 15 and Decatur Boulevard and is located within the Enterprise Township in Clark County. The site currently lacks commercial and retail development; however, the Events Center could complement, enhance and accelerate development in the surrounding area.

Ability to Maximize Revenues

The short distance to the freeway system and ease of access from the Strip Corridor allows for accessibility from tourists as well as the local population. However, the site lacks direct freeway visibility, potentially limiting the facility's attractiveness to corporations and events.

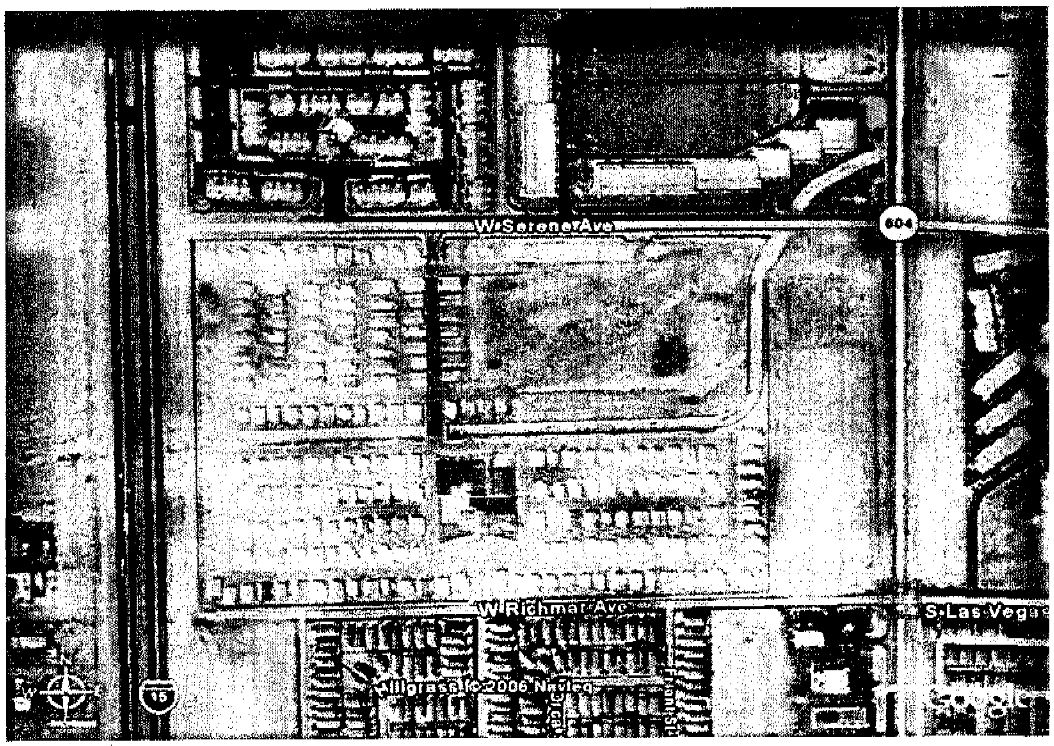
Summary

The Clark County Site is located 59.15-acres of land owned by the County. The site meets the minimum acreage and layout requirements and is located approximately 1.4 miles west of Interstate 15 on Silver Ranch Boulevard. The acquisition of the site would be a significant advantage of constructing an Events Center on this site, as it is primarily (or will be) publicly owned and will not increase the cost of the project if the County were to contribute the property. However, as the site has been submitted by the public, there might not be developer interest in the event center project at this location. The lack of a developer to participate in the project could increase the need for public funding of the construction and operation of the venue.

15. Koroghli – Mobile 18

Ray Koroghli, a land owner, has submitted three properties for the proposed Event Center. Although the sites are located within the same vicinity, they are not contiguous. The first site, Mobile 18 LLC is a 37.67 acre site currently utilized as a mobile home park. The site is bordered by Interstate 15 on the east, Richmar Avenue on the south and Serene Avenue on the north.

Mobile 18 LLC



Capacity

The 37.67-acre site provides adequate land for the development of an Events Center with VIP parking requiring 9.5 acres. An additional 6,000 parking spaces dedicated to the Events Center or shared with other facilities in the area could be constructed on the site, utilizing approximately eight acres for the parking structure. While the remaining site area would be significantly reduced by the Events Center and related parking structure, the site could accommodate the facility along with ancillary development that could help offset the cost of the parking structure.

Access and Egress

The site does not have direct access to Interstate 15 via Richmar Avenue or Serene Avenue. However, the site is accessible from Interstate 15 via the Blue Diamond Interchange at Las Vegas Boulevard, located 1.9 miles north of the site.

Site Development and Acquisition

The cumulative value for 21 acres of the Mobile 18 site is assessed at $17.0 million, while the market value according Koroghli is approximately $63.6 million.

Site Context and Community Revitalization

The site is bordered by Interstate 15 on the east, Richmar Avenue on the south and Serene Avenue on the north. From a land use perspective, the site has been zoned for H-1, Masterplan MUD-1, Gaming Overlay. The South Las Vegas Gateway is planned to revolve around tourism with land uses such as resort hotel/casinos, destination retail, entertainment uses and high density residential.

The Events Center could compliment, enhance and accelerate development in the surrounding area. The mix of planned resort hotel/casinos, destination retail, restaurant and residential uses along the South Las Vegas Boulevard Gateway make the site a prime location for an Events Center.

Ability to Maximize Revenues

The relative short distance and ease of access to the site from the Strip Corridor allows for accessibility from tourists as well as the local population who would prefer to stay away from the Strip. Given this prominent location, the site could be a flagship of the emerging "South Strip" with high visibility and ease of access that provides for maximum attendance from key customer segments.

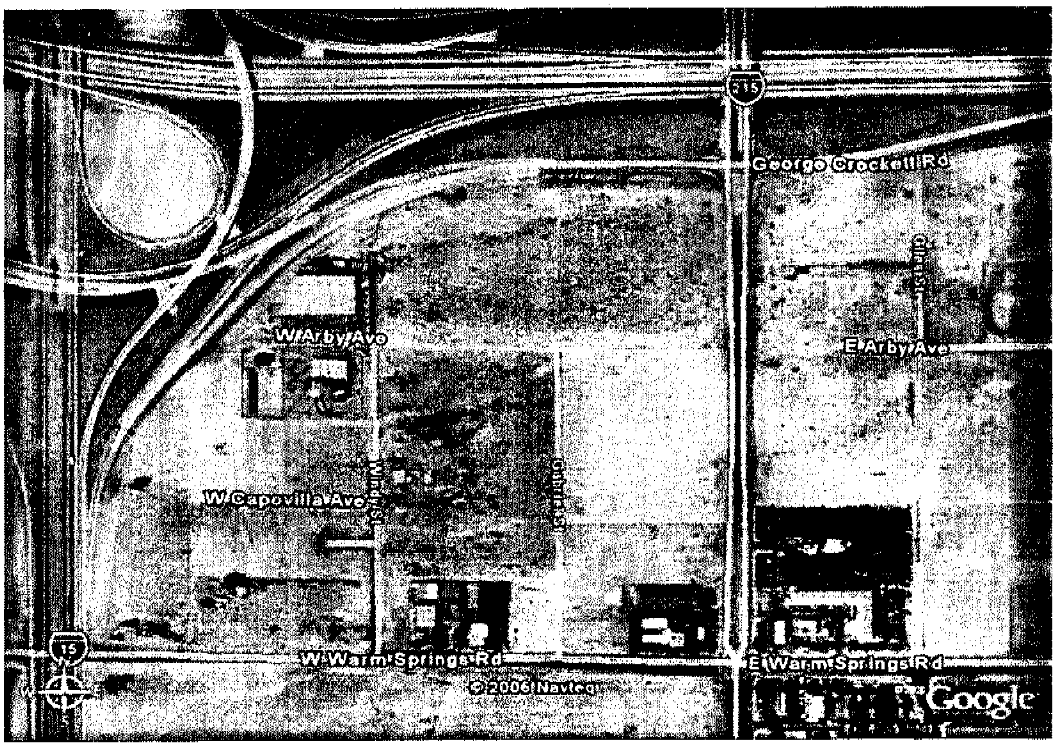
Summary

The Koroghli Mobile 18 Site is located approximately 4.5 miles south of the Strip and adjacent to Interstate 15. The site is accessible and in close proximity to the airports, Strip properties, downtown Las Vegas and a number of residentially master planned communities. The seller would not likely participate in the development, impacting the cost of the land acquisition and the project's viability. Without a developer who would be interested in participating in the development and operation of the venue, the cost to acquire the land and construct a parking facility would make the project not feasible.

16. Koroghli – Mobile 215

The second Koroghli site, Mobile 215 LLC, is a 10-acre site that is currently undeveloped. The site is bordered by Las Vegas Boulevard on the east, Arby Avenue on the north and Gabriel Street on the west.

Mobile 215 LLC



Capacity

The 10-acre site provides sufficient space to construct an arena and VIP parking structure. However, without additional space to support 6,000 supplementary parking spaces, the site does not meet the minimum site criteria.

Access and Egress

The site has direct access on three sides of the property and is located approximately 0.37 miles from Interstate 15.

8.0 Site Analysis

Site Development and Acquisition

The Mobile 215 site is assessed at $9.1 million, while the market value according Koroghli is approximately $47.9 million.

Site Context and Community Revitalization

The site is located near the southeast corner of the Interstate 15 and Loop 215 Interchange, and along Las Vegas Boulevard. From a land use perspective, the site has been zoned for H-1, Masterplan MUD-1, Gaming Overlay. The South Las Vegas Gateway is planned to revolve around tourism with land uses such as resort hotel/casinos, destination retail, entertainment uses and high density residential.

The Events Center could compliment, enhance and accelerate development in the surrounding area. The mix of planned resort hotel/casinos, destination retail, restaurant and residential uses along the South Las Vegas Boulevard Gateway make the site a prime location for an Events Center.

Ability to Maximize Revenues

The relative short distance and ease of access to the site from the Strip Corridor allows for accessibility from tourists as well as the local population who would prefer to stay away from the Strip. The site's visibility and ease of access provides for maximum attendance from key customer segments.

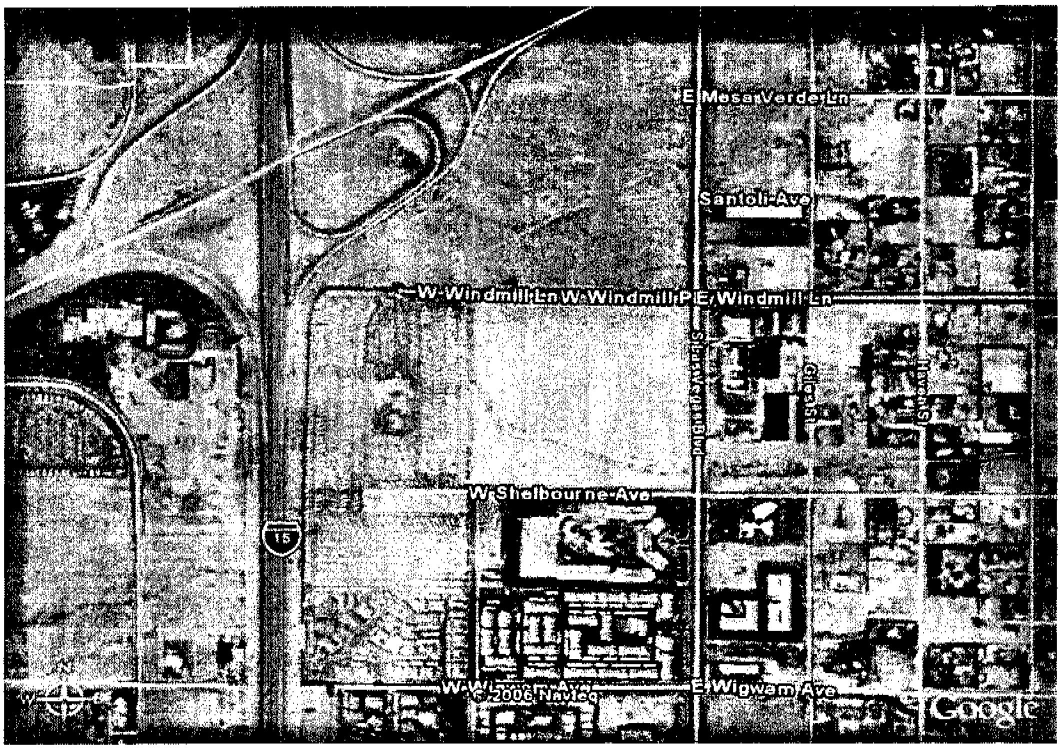
Summary

The Koroghli Mobile 15 Site is located less than two miles south of the Strip with access to Interstate 15 and Loop 215. Although the site provides sufficient space to construct an arena and VIP parking structure, it lacks space to support 6,000 supplementary parking spaces. The site is accessible and in close proximity to the airports, Strip properties, downtown Las Vegas and a number of residentially master planned communities. The seller would not likely participate in the development, impacting the cost of the land acquisition and the project's viability. Without a developer who would be interested in participating in the development and operation of the venue, the cost to acquire the land and construct a parking facility would make the project not feasible.

17. Koroghli – Oasis

The third Koroghli site, Oasis, is a 72-acre site that is partially 66 percent utilized as a residential area and 33 percent undeveloped land. The site is bordered by Las Vegas Boulevard on the east, Windmill Lane on the north, Wigwam Avenue on the south and Interstate 15 on the west.

Oasis



<u>*Capacity*</u>

The 72-acre site provides adequate land for the development of an Events Center with VIP parking requiring 9.5 acres. An additional 6,000 parking spaces dedicated to the Events Center or shared with other facilities in the area could be constructed on the site, utilizing approximately eight acres for the parking structure. The excess acreage could enable the developers to construct other amenities and uses that could utilize the parking, helping offset the cost of the structure.

<u>*Access and Egress*</u>

The site is bordered by Las Vegas Boulevard on the east, Windmill Lane on the north, Wigwam Avenue on the south and Interstate 15 on the west. Interstate 15 can be accessed via Las Vegas Boulevard and the Blue Diamond Interchange.

8.0 Site Analysis

Site Development and Acquisition

The cumulative value for 21 acres of the Oasis site is assessed at $13 million, while the market value according Koroghli is approximately $95 million.

Site Context and Community Revitalization

The site has been zoned for H-1, Masterplan MUD-1, Gaming Overlay. The South Las Vegas Gateway is planned to revolve around tourism with land uses such as resort hotel/casinos, destination retail, entertainment uses and high density residential.

The Events Center could compliment, enhance and accelerate development in the surrounding area. The mix of planned resort hotel/casinos, destination retail, restaurant and residential uses along the South Las Vegas Boulevard Gateway make the site a prime location for an Events Center.

Ability to Maximize Revenues

The relative short distance and ease of access to the site from the Strip Corridor allows for accessibility from tourists as well as the local population who would prefer to stay away from the Strip. The site's visibility and ease of access provides for maximum attendance from key customer segments.

Summary

The Koroghli Oasis Site is located approximately three miles south of the Strip with access to Interstate 15 via Las Vegas Boulevard and the Blue Diamond Interchange. The site is accessible and in close proximity to the airports, Strip properties, downtown Las Vegas and a number of residentially master planned communities. The seller would not likely participate in the development, impacting the cost of the land acquisition and the project's viability. Without a developer who would be interested in participating in the development and operation of the venue, the cost to acquire the land and construct a parking facility would make the project not feasible.

Conclusions

At this time, a definitive scoring of the 17 sites with a resulting ranking has not been performed. While each of the 17 potential sites exhibits both strengths and weaknesses, no site is ideal in every way, nor is any site ultimately unworkable. However, based on a preliminary evaluation, the sites have been classified into three tiers, with Tier One sites considered most viable (sites are listed alphabetically within each tier).:

Tier One	Tier Two	Tier Three
Downtown Site 1	Clark County	Cashman
Downtown Site 3	Downtown Site 4	Downtown Site 2
Nassiri	Harrah's	Koroghli Mobile 215
Olympia	Koroghli Mobile 18	North Las Vegas Site 2
	Koroghli Oasis	North Las Vegas Site 4
	North Las Vegas Site 1	North Las Vegas Site 5
	North Las Vegas Site 3	

9.0 Funding Analysis

The purpose of this section is to summarize the typical funding sources that have been used to fund public assembly facilities in other communities as well as to quantify potential sources of funds that could be used for a new Events Center in Las Vegas. This section is divided into the following sub-sections:

- Financing Techniques and Vehicles
- Comparable Facility Funding
- Summary of Potential Las Vegas Funding Sources

Financing Techniques and Vehicles

An important first consideration when discussing the financing options available to finance the Events Center must include a determination of which municipal entity will issue the bonds. Whenever public debt is issued, the financial standing of the issuer is an important consideration in determining the interest rate that will be paid on the bonds. The better the credit rating, the lower the interest costs. For a project anticipated to cost several hundred million dollars, this consideration is critical. The State of Nevada and Clark County have ratings of AA+ and Aa1 by Standard and Poor's and Moody's respectively. The City of Las Vegas has a rating AA-and Aa3 by Standard and Poor's and Moody's respectively.

Bonds do not necessarily have to be issued by the owner of the facility. For example, the facility may eventually be owned by the University of Nevada System, Clark County, the City of Las Vegas, or the City of North Las Vegas, or some combination of ownership described in an inter-local agreement. Given proper authority through Nevada Revised Statutes, the bonds could be issued through the State or County Bond Bank which would allow the issuer to benefit from the credit ratings of the bond banks. The interest cost savings that could accrue would be significant.

Another consideration that will require attention by the Task Force has to do with the Federal Tax laws that govern the tax-exempt status of municipal bonds issued for a project when private use is involved in the transaction. Some recently developed projects have been accomplished through a partnership of public and private interests. Depending upon the final structure, a project that envisions some private use, may affect the tax-exempt status for any bonds issued for the Events Center. The tax-exempt vs. taxable status of the bonds will significantly impact the revenues required to meet the debt service payments.

The balance of this section of the Report provides a brief discussion of the various financing techniques available to municipal governments to finance infrastructure and capital projects.

9.0 Funding Analysis

In a white paper discussion by Jennifer Stern, Swendseid and Stern L.L.C., titled Municipal Finance in Nevada, a variety of capital financing methods typically available to local governments were described. The different categories of obligations by security included the following:

- Revenue Obligations
- General Obligations
- General Obligations (Additionally Secured with Pledged Revenues)
- Certificates of Participation
- Special Assessment Obligations
- Tax Increment or Redevelopment Obligations
- Economic Development Revenue Bonds

Each of the funding techniques must be examined in context of the project to be funded. Some of the options listed above may not necessarily be applicable to the Events Center funding as the financing plan is developed. For example, certain options listed above are reserved to municipal or public institutions, such as General Obligation Bonds. Each is briefly described below.

Revenue Obligations

Revenue Obligations are obligations secured only by a designated "special" fund, which consists of monies from a designated source not derived from ad valorem taxation. Frequently, such obligations are secured by an enterprise fund's revenues (e.g., an airport revenue bond issue or a water and sewer revenue bond issue), but sometimes revenue bonds are secured by excise taxes–for example, highway improvement revenue bonds issued by counties and by the State are payable from motor vehicle fuel taxes.

Generally, revenue bonds may be authorized by an ordinance or resolution of the governing body. No election is typically required. The Las Vegas Convention and Visitors Authority has, for example, used revenue obligations in its financing of capital improvements.

General Obligations

General Obligations are secured by the full faith, credit and taxing power of the issuer. In most cases the issuance of long-term general obligations requires the approval of both the Debt Management Commission ("DMC") of the County and approval of the electorate.

All general obligation bonds in Nevada are "limited tax" obligations – in most other states, general obligation bonds are payable from taxes "without limitation as to rate or amount;"- however, in Nevada, the maximum ad valorem tax that can be levied for all purposes by all overlapping entities is $3.64 per $100.00 of assessed valuation (subject to certain exceptions) by statute and $5.00 per $100.00 under the State Constitution, and this includes levies for bonded indebtedness. There is currently $0.0200 permitted outside of the $3.64 cap.

General obligation bonds in Nevada can be "limited limited" tax obligations. These would be bonds to which the full faith and credit of the entity issuing the bonds is pledged, including the entities taxing power, but for which the issuer does not have the authority to levy an ad valorem tax exempt from the operating tax caps. The most frequent example of this is a medium-term obligation evidenced as a medium-term bond or note (with a maximum repayment term of ten years).

General Obligations (Additionally Secured with Pledged Revenues)

"Double Barreled" Obligations in Nevada are revenue-backed general obligation securities. These are securities to which the full faith and credit and taxing power of the issuer is pledged, but the debt service on which is paid from a designated revenue source other than ad valorem taxes. The revenue source is also pledged to secure repayment of the bonds. While the taxing power is pledged to the bonds, usually the only time the taxing power would be used for the bonds would be in an emergency situation – e.g., a revenue backed general obligation water bond might be paid from taxes if the water treatment facility went out of service and, consequently, the municipality was unable to adequately bill its residents for water.

Under NRS 350, to issue revenue-backed general obligations, an issuer must first receive approval of the DMC. The governing body of the issuer then adopts a resolution of intent by a two-thirds majority vote authorizing the publication of two notices in a newspaper of general circulation in the municipality. One notice states that it is the issuer's intent to issue the revenue backed general obligation bonds without an election, based on a finding by the governing body that revenues (rather than ad valorem taxes) will be sufficient to pay the obligations. The property owners and voters in the municipality have 90 days during which to petition the governing body to hold an election and, if sufficient number petitions the governing body, an election must be held before the obligations may be issued. The other notice must be published at least 10 days in advance of a public hearing held before the governing body. If express statutory authorization exists, this method of financing may also be used when the proceeds of certain non ad valorem taxes are received in an amount sufficient to pay debt service.

Certificates of Participation

Certificates of Participation ("COP's") are similar to revenue bonds in that the payments of principal and interest are typically funded from a designated revenue fund. The primary difference between revenue bonds and COP's lies in the security structure – the facilities being financed under a COP's structure are actually owned (for legal purposes) by a trustee bank who then leases the facilities to the governmental entity. COP's payments are lease or "installment lease" payments and COP's investors purchase an interest in the lease cash flows; therefore COP's payments may not be considered debt payments under State law. Washoe County used a COP's financing to fund its regional public safety training facility in 2000. If project title issues or legal debt constraints are issues in a financing, COP's may offer a financing alternative – otherwise, the additional complexity of COP's compared to revenue bonds generally results in COP's requiring additional costs of issuance and generally having slightly higher interest rates.

Special Assessment Obligations

These are securities payable from "special" assessments levied against property within a municipality that is "specially" benefited by installation of the improvements financed with the bonds. Most frequently, these types of bonds are used, for example, on a street paving project or sidewalk project. A municipality may pave several blocks of street and assess property owners whose property fronts on the street for the cost of the paving. If the municipality decides to make the assessments payable over a term of years rather than immediately, the municipality can issue bonds secured by payments of special assessments made by the property owners. In Nevada, special assessment bonds can be additionally secured by a promise by the municipality to pay the bonds from its general fund or from ad valorem taxes levied throughout the municipality. Thus, if a particular property owner defaults in his assessment, during the two or three years it takes to foreclose on the property the bonds would not go into default – rather, the municipality would pay principal and interest on the bonds and would reimburse its general fund for the money so expended after the foreclosure action has been completed.

The use of Benefit Assessment Districts is generally defined in Chapter 271 of the Nevada Revised Statutes, and is otherwise known as the "Consolidated Local Improvement Laws." This law applies to counties, cities and unincorporated towns and prescribes procedures for the establishment of an assessment district by eligible municipalities. In the urban portion of Clark County, the County and the cities of Henderson, Las Vegas and to a lesser degree, North Las Vegas have all made use of the Benefit District Assessment funding vehicle as a component of their infrastructure financing. The current permissible uses of this financing vehicle are limited to the projects described in the following table.

Permissible Uses of Benefit Assessment District

- Commercial area vitalization
- Curb and gutter
- Drainage
- Off-street parking
- Overpass
- Park
- Sanitary sewer
- Security Wall
- Sidewalk
- Storm Sewer
- Street
- Street Beautification
- Transportation
- Underpass
- Water
- Telephone (cities only)
- Electrical (cities only)

The Benefit Assessment District funding tool, if the assessments are spread to the properties that benefit from the program on a reasonable and equitable basis, can be very effective at funding public facilities.

Developer Special Improvement Districts

Another use of the Benefit Assessment District financing laws defined above involves similar circumstances for the development of improvements involving one or a small number of private owners who intend on developing their property for residential, commercial, industrial or other beneficial uses. These are commonly referred to as Developer Special Improvement Districts and the municipalities generally establish specific guidelines under which these infrastructure development options may be applied.

Developers are allowed to fund infrastructure improvements pursuant to NRS 271.

Tax Increment or Redevelopment Obligations

Tax increment or redevelopment obligations are generally considered special obligations. In Nevada, these obligations are payable from taxes allocated to a redevelopment agency. If a city or county has created a redevelopment district, a redevelopment plan may contain a provision that each of the taxing entities in the redevelopment area are allocated only the portion of the ad valorem taxes which would be produced by the rate levied in the redevelopment area based upon the total sum of assessed valuation as shown on the assessment roll last equalized before the effective date of the ordinance approving the redevelopment plan. The portion of the taxes levied in each year in excess of that amount is paid into a special fund of the redevelopment agency to pay debt service on the redevelopment agency's bonds.

Economic Development Revenue Bonds

These are bonds issued by cities (NRS 268.512 - 268.568), counties (NRS 244A.669 to 244A.763), or the State (NRS 349.400 to 349.670) for private companies, including nonprofit and for profit companies. They do not count against a municipality's debt limit but are payable solely from monies furnished by the company.

Another financing method available to qualifying local governments is through access to the State of Nevada Bond Bank and the Clark County Bond Bank. The significant benefit to those municipalities that do access the Bond Banks is the reduced interest cost that would otherwise be paid by borrowing through the Bond Banks, any bonds issued are based upon the rating strength of the State or Clark County rather than the municipality.

Nevada Municipal Bond Bank

The State's Bond Bank Program was established to assist municipalities in undertaking local projects which foster and promote the protection and preservation of the property and natural resources of the Sate by making loans to such municipalities which might not be otherwise available or which might be available only at prohibitive interest rates. The Bond Bank was established in 1981, and since that time, many projects have been funded throughout the State. State general obligation securities issued under the Bond Bank Act are not subject to the Constitutional Debt Limitation. The Bond Bank Act provides a statutory limitation of $1.8 billion of State general obligation securities which may be outstanding at any time to finance lending projects. This limit may be increased or decreased by the State Legislature. The Board of Finance must approve the issuance of State general obligation and revenue securities under the Band Bank Act.

The State Treasurer is the Administrator of the Bond Bank. Bond Bank Act loans are made by the Administrator by purchasing securities which are obligations of one of the State's municipalities (i.e., cities, counties, districts and certain water authorities organized as political subdivisions.). A municipality must receive whatever authorization is required by statute, including, in some cases, approval of its electorate, before it may issue general obligation securities, and such securities are subject to all statutory restrictions, including local indebtedness limitations. The Bond Bank Act does not, in and of itself, authorize the issuance of general obligation securities by the municipalities. Both State general obligation securities issued under the Bond Bank Act and municipality general obligation securities purchased in connection with a lending project may, but need not be, additionally secured with other pledged revenues.

The Bond Bank Act also authorizes the Bond Bank to issue revenue bonds of the State to purchase local government obligations for any purpose permitted by law (subject to certain exceptions). Bonds issued to acquire such local government obligations would not be general obligations of the State, but would be secured solely by repayments of local bonds and certain revenues distributable by the State to the local governments.

State of Nevada and Clark County Bond Banks

The County's Bond Bank Program was established pursuant to the County Bond Law for the purpose of financing a municipal bond bank for local governments in the County by making loans to such municipalities which might otherwise be available at higher interest rates.

The Bond Bank may finance certain infrastructure projects for other local governments located wholly or partially in the County. The type of security the County must receive in connection with financing of a project depends on the nature of the project and of the municipality. Pursuant to the Bond Bank Ordinance, in order to finance a project for a municipality, he County Bond Bank must receive from the municipality the following:

1. General obligations payable from ad valorem taxes that are approved by the voters of the municipality for capital improvement of a library or park;
2. General obligations payable from ad valorem taxes that are approved by the voters of the municipality or are approved pursuant to subsection 3 of NRS 350.020 for a capital improvement for fire protection, police protection or a public building or, for municipalities whose governing body is the Board of County Commissioners, a capital improvement of a water or sanitary sewer system; or
3. Revenue obligations of SNWA for capital improvements for SNWA that are payable from revenues of:
    a. the water system of SNWA;
    b. one or more of the municipalities that are members of SNWA; or
    c. any combination of the sources described in paragraphs a and b.

Given the specific restrictions under which the County Bond Bank is available, each financing opportunity must be evaluated on a case by case basis to determine whether the County Bond Bank is an option that may be pursued.

Other Considerations

Depending upon the financing method ultimately employed by the Company/municipality, there are certain actions required within specified time frames. Sample timetables for various municipal financing methodologies that demonstrate procedures for debt issuance are included for the readers' information in Appendix F.

Comparable Facility Funding

Among the primary considerations in the potential development of a new Events Center are the construction costs and associated funding mechanisms to be used to construct the facility. In order to provide an understanding of several recent arena development projects, the following table summarizes the total construction costs and the portion of costs covered by public and private sector revenue streams. All dollar figures are stated in 2006 dollars and have been adjusted to reflect the estimated project cost if the facility were built in Las Vegas based on the relative building cost indices of each market. Only arenas hosting NHL or NBA tenants have been included in the table, as it is assumed that a new Events Center in Las Vegas would be built to the specifications of recently built arenas hosting an NHL or NBA franchise. Therefore, these arenas and their associated costs are most comparable to the proposed Events Center.

Comparable Arena Funding Summary
(U.S. Facilies Only)

					Amount		Percentage	
Facility	Location	Year Opened	Total Cost	Adjusted Cost (1)	Private	Public	Private	Public
NHL-Only								
Gaylord Entertainment Center	Nashville, TN	1996	$157.6	$378.5	$0.0	$378.5	0%	100%
Glendale Arena	Glendale, AZ	2003	207.0	297.6	38.7	258.9	13%	87%
BankAtlantic Center	Sunrise, FL	1998	217.7	453.0	95.1	357.8	21%	79%
Xcel Energy Center	St. Paul, MN	2000	170.0	242.5	63.1	179.5	26%	74%
RBC Center	Raleigh, NC	1999	176.3	389.1	124.5	264.6	32%	68%
St. Pete Times Forum	Tampa, FL	1996	153.0	366.6	157.7	209.0	43%	57%
HSBC Arena	Buffalo, NY	1996	127.5	261.2	148.9	112.3	57%	43%
Nationwide Arena	Columbus, OH	2000	166.0	275.2	247.6	27.5	90%	10%
NHL Only Average			**$171.9**	**$333.0**	**$109.4**	**$223.5**	**35%**	**65%**
NBA-Only								
Toyota Center	Houston, TX	2003	$308.0	$445.4	$22.3	$423.1	5%	95%
FedEx Forum	Memphis, TN	2004	269.9	360.6	21.6	338.9	6%	94%
Charlotte Bobcats Arena	Charlotte, NC	2005	265.0	384.0	49.9	334.1	13%	87%
Conseco Fieldhouse	Indianapolis, IN	1999	236.0	421.9	54.8	367.0	13%	87%
AT&T Center	San Antonio, TX	2002	176.8	291.2	90.3	200.9	31%	69%
American Airlines Arena	Miami, FL	1999	283.4	548.5	268.8	279.8	49%	51%
Rose Garden	Portland, OR	1995	260.1	564.1	490.7	73.3	87%	13%
NBA Only Average			**$257.0**	**$430.8**	**$142.6**	**$288.2**	**29%**	**71%**
Average - All Arenas			**$211.6**	**$378.6**	**$124.9**	**$253.7**	**32%**	**68%**

(1) Adjusted to 2006 dollars assuming an annual inflation rate of 7.5 percent for construction costs, and adjusted to represent the estimated cost if the facility were built in Las Vegas based on the relative building cost indices for each market.

As shown, the average comparable major league arena was constructed at a cost of approximately $378.6 million in 2006 dollars, adjusted to reflect the Las Vegas building cost index. An average of 68 percent of arena construction costs, or $253.7 million per arena, were funded by the public sector.

Public entities in these markets have realized the potential benefits that can be created through public investment in such projects. Facilities of this type have been shown to play a significant role in spurring development in the areas surrounding the facility. In addition, the presence of a major league sports franchise can provide national and international exposure for the community, providing additional justification for public investment.

9.0 Funding Analysis

Public funding for these types of facilities is typically provided through a variety of funding sources, with the following comprising the most common public sources of funds:

- Sales and Excise Taxes;
- Lodging Taxes;
- Vehicle Rental Taxes;
- Development Tax/Impact Fees;
- Property Tax;
- Tax Increment Financing; and
- Other public sources.

Summary of Potential Las Vegas Funding Sources

Hobbs Ong and Associates has conducted a detailed evaluation of the potential funding sources that could be available to assist in the development of the proposed Events Center. Specific information on the most likely potential sources is provided on the following pages, followed by estimates of the potential debt that could be supported by the various sources. Additional information on these, and other potential funding sources, is provided in Appendix F to this report.

Governmental Services Fee (Car Rental Tax)

A car rental tax or fee is a surcharge that may be applied to the cost of leasing a passenger car on a short-term basis. A fee of this nature could produce significant revenue, especially considering the level of tourism in the area. The additional revenue produced by car rental fees could be leveraged or securitized in order to contribute to the financing of a designated project.

Background / Applicability

In 1993, the Nevada Legislature enacted the fee for lease of a passenger car by a short-term lessor, the "Car Rental Tax." Since then, a 6 percent tax is applied to the total amount for which the passenger car was leased, excluding any taxes or other fees imposed by a governmental entity. In subsequent sessions of the Nevada Legislature several changes were made to the law relating to the Car Rental Tax. Effective July 1, 2002, the tax was re-titled to a "governmental services fee". Effective January 1, 2002, the entire proceeds of the governmental services fees are deposited with the State Treasurer for credit to the State General Fund. The governmental services fees must be remitted to the Department of Taxation each calendar quarter.

In addition to the governmental services fee, short-term lessors are allowed to charge and collect a recovery surcharge not to exceed 4.0 percent of the total amount for which the passenger car was leased, excluding any taxes or other fees imposed by a governmental entity. This amount is intended as a reimbursement for vehicle licensing fees and taxes paid by the short-term lessor.

In addition to these allowed rates, the 2003 Nevada Legislature enacted enabling legislation to authorize the board of county commissioners of a county with population 400,000 or more to impose by ordinance a fee upon the lease of a passenger car by a short-term lessor in the county in the amount of not more than 2 percent of the total amount for which the car was leased, excluding any taxes or other fees imposed by a governmental entity. In March 2005, the Clark County board of Commissioners passed the ordinance which includes the following provisions:

- 10 percent of the revenues collected are paid to the Department of Taxation for administration.
- The proceeds of the fee are to be used to pay the costs to acquire, improve, equip, operate, and maintain within the county a performing arts center, or to pay the principal of, interest on, or other payments due with respect to bonds issued to pay such costs.
- The initial $3 million of the proceeds received by the county shall be distributed to the Culinary and Hospitality Academy of Las Vegas for the planning, design, and construction of a facility for vocational training in Southern Nevada.
- Any money remaining in the special revenue fund after five fiscal years from the effective date of the ordinance must be deposited in the county general fund for the continued maintenance of court facilities if it has not been committed for expenditure pursuant to a plan for the construction or acquisition of court facilities or improvements to court facilities.

Jurisdictions

This particular source of revenue is primarily used to fund tourism-generating improvements in ways that will not affect local voters. For the most part, car rental taxes and fees have been used to securitize various airport projects as well as regional entertainment enhancement projects such as stadiums and arenas throughout the U.S.

Funding Potential

Statewide, the Car Rental Tax generated approximately $28.1 million in FY 2004-05. In that year it is estimated that approximately 75 percent of the governmental services fee was generated in Clark County. This is based upon 2005 visitor volume statistics for the following: Las Vegas, 38.6 million (75 percent); Laughlin, 3.9 million (8 percent); Mesquite,1.6 million (3 percent); Reno/Tahoe, 4.8 million (9 percent) and balance of the State, 2.4 million (5 percent).

Incremental increases in this fee of one percent would generate approximately $3.5 million in Clark County. Any modification of the fee amount or the distribution methodology would require action by the Nevada Legislature. In the course of preparing this analysis it was determined that the first two quarterly installments of the 2 percent levy for the performing arts facility generated approximately $5.2 million. If similar amounts are received for the next two quarters, the total proceeds of the 2 percent levy could be approximately $10.4 million. Therefore, value of the 1 percent increment may be as much as $5.2 million per annum. The difference between the $3.5 million and the $5.2 million may be attributable to the greater number of vehicle rentals in Southern Nevada as compared to the balance of the state.

Political and Structural Considerations

Revenues generated by fees paid predominantly by tourists have proven to be less objectionable to residents and lawmakers. However, there are elements of the business community that may resist increases in this fee due to the impact upon cost to the consuming public and impact of cost increases in the competitive marketplace in which the tourism based economy must operate. None-the-less, this source of taxation represents an existing revenue stream that could be increased for other public purposes.

The following table compares the car rental taxes and surcharges for markets similar to the Las Vegas market area.

Car Rental Tax and Fees Comparison

Location	Sales Tax	Gross Revenue Fee (Airport Only)	Car Rental Tax	Other	Total
Anaheim	7.25%	10.00%	6.00%	0.00%	23.25%
Chicago	0.00%	6.00%	6.00%	6.00%	18.00%
Las Vegas	7.75%	10.00%	6.00%	6.00%	29.75%
New Orleans	8.75%	10.00%	5.00%	0.00%	23.75%
New York	8.25%	0.00%	5.00%	0.00%	13.25%
Orlando	6.00%	9.80%	0.00%	0.00%	15.80%
San Francisco	8.25%	0.00%	0.00%	0.00%	8.25%

Orlando, New Orleans other = concession recoupment fee

Las Vegas other includes a 4% vehicle licensing fee, and a 2% tax to support a performing arts facility. Additional $3 per day facility charge at airport.

Chicago other = transportation tax, plus vehicle licensing fee

San Francisco has $15.00 airport transportation fee not included in total.

Orlando Gross Revenue Fee = 8.7 percent for concessions fee with Avis but 9.8 percent with National

Liquor Tax

The excise tax on importation, processing, storing or selling of all liquor including beer containing ½ of 1 percent or more of alcohol by volume and used for beverage purposes was first enacted in 1935. In addition, sales tax is collected on the total price

<u>Background / Applicability</u>

Liquor taxes are levied by the State of Nevada on a per gallon basis as follows:

Liquor	Tax Per Gallon
Malt beverage liquor (beer)	$0.16
Liquor 1/2% to 14% alcohol	0.75
Over 14% to 22% alcohol	1.30
Over 22% alcohol	3.60

Annual State License

Business	Fee
Importer	$500
Importer – Beer Only	150
Wholesaler	250
Wholesaler – Beer Only	75
Brewer's License	75
Brew Pub License	75
Wine-Maker's License	75
Certificate of Compliance	50

Source: Nevada Tax Facts

The majority of the revenues from these taxes and licenses are deposited in the State General Fund. 50 cents per gallon of collections on the $3.60 per gallon rate for over 22 percent alcohol is distributed to eligible local governments through the Consolidated Tax. The portion of tax on liquor containing over 22 percent alcohol which exceeds $3.45 per wine gallon is transferred to the tax on liquor program account in the state General Fund. All remaining revenues are deposited in the State General Fund.

<u>Funding Potential</u>

Liquor Sales Summary

Liquor	Tax Per Gallon	Gallons Sold (FY 2004-05)	Proportionate Clark County (75%)
Malt beverage liquor (beer)	$0.16	73,075,697	54,806,773
Liquor 1/2% to 14% alcohol	0.75	8,169,837	6,127,378
Over 14% to 22% alcohol	1.30	1,129,927	847,445
Over 22% alcohol	3.60	5,633,972	4,225,479
Total		88,009,433	66,007,075

Source: State of Nevada Department of Taxation, Annual Report 2004-05

An increase of $0.05 per gallon for each category of the liquor taxes would generate $4.4 million statewide. That volume of sales would generate approximately $3.3 million from Clark County, based upon the assumption that 69 percent of the sales would occur in Clark County.

Political and Structural Considerations

Given the nature of the tourism driven economy of the state and particularly Clark County, a tax on liquor would provide a means by which out-of-state visitors could contribute to the funding of transportation related issues.

Live Entertainment Tax

Given the fact that the Events Center project is an attendance dependent venue, there exists a logical nexus of some charge that is levied for participation and/or attendance at events held there.

Background / Applicability

The Live Entertainment Tax (the "LET") for gaming and non-gaming establishments was enacted in 2003 by the Nevada Legislature. It replaced the Casino Entertainment Tax, which was repealed January 1, 2004 when the LET became effective.

The LET applied to any facility where live entertainment is provided. The rate was 10 percent of sales if seating capacity was more than 300 and less than 7,500, and included food, beverages, and merchandise. The rate was 5 percent of sales if seating was 7,500 or more and the rate was not imposed on food, beverages or merchandise.

Non-gaming facilities with seating capacity less than 300 and gaming facilities with seating capacity less than 300 and less than 51 slot machines and less than 6 table games were exempt from the tax.

During the 2005 Session of the Nevada Legislature, "seating capacity" was changed to "occupancy" and the exemption from the tax was reduced from 300 "seating capacity" to "occupancy" of 200 or less. Other exemptions were added including ambient entertainment; entertainment incidental to amusement rides, motion simulators or similar digital, electronic, mechanical or electromechanical attractions; outdoor concerts; and the NASCAR Nextel Cup Series.

Gaming facilities remit the tax to the Gaming Control Board and non-gaming facilities remit the tax to the Nevada Department of Taxation.

Funding Potential

During FY 2005-06, the Live Entertainment Tax as revised during the 2005 session of the Nevada Legislature generated approximately $117 million statewide as illustrated in the following table.

Live Entertainment Tax
FY 2005-06

	Statewide	Clark County (71%)	1 Percent Increment Clark County
Gaming	$108,420,425	$76,978,502	$769,785
Non-gaming	8,504,809	6,038,414	60,384
	$116,925,234	$83,016,916	$830,169

It is estimated that approximately 71 percent of that amount or $83 million was generated in Clark County. This estimate is based upon a proportionate split on population at July 1, 2005. It is estimated that a 1 percent increment of this tax would generate approximately $830,000 from the gaming and non-gaming venues in Southern Nevada, if the tax is applied and administered as currently written.

Political and Structural Considerations

As envisioned, this levy would be added to the retail price of the admission or amusement purchase and would be due at the time of sale. If the admission or amusement is provided free of charge as part of a promotional or marketing effort, the tax would be due on the face value of the admission charge or amusement cost. Additionally, if any required entry purchase is levied in lieu of an admission or amusement charge, for example, a minimum drink purchase requirement the purchase price of the required purchase or purchase is also subject to the transaction tax.

The revenue generating capacity of this vehicle could be enhanced by revisiting the exemptions currently allowed by the Nevada Revised Statutes. In granting exemptions from this tax to certain venues, there has been created a groundswell of requests for equal and uniform treatment from other similar entertainment venues. This apparent disparate treatment may provide the impetus to expand the applicability of the tax to include all "live entertainment" venues. And any additional revenues may be directed to support major capital improvement projects similar to the Events Center Project.

Room Tax - Transient Lodging Tax

Transient occupancy taxes, or room rental taxes, are commonly charged by states and local governments. While the use of the proceeds of the taxes may vary from jurisdiction to jurisdiction, the purpose generally underlying the tax is common: To capture revenues from non-residents to assist with the funding of basic services available to residents and non-residents alike. Other uses of room tax proceeds can include the promotion of local tourism, support of convention center facilities, and other governmental programs. In Nevada, a portion of the room tax is authorized for use in support of transportation improvement projects. The fact that room tax is largely considered an exportable source of taxation has led to a widespread use of this taxing mechanism across the country.

Jurisdictions

Cities and counties across the U.S. have adopted a Transient Occupancy Tax in order to fund tourism-generating improvements or to augment the general fund in ways that will not affect local voters. A sampling of the aggregated transient room occupancy tax rate in other locations is presented in the following table:

Transient Room Occupancy Tax Comparison

Location	Transient Occupancy Tax Rate	Local/ State Tax Rate	Total
San Jose	10.00%	7.00%	17.00%
Houston	2.00%	15.00%	17.00%
San Antonio	6.00%	10.75%	16.75%
Chicago	10.50%	6.00%	16.50%
Seattle	7.00%	8.60%	15.60%
Dallas	6.75%	8.25%	15.00%
Atlanta	8.00%	7.00%	15.00%
Denver	14.85%	0.00%	14.85%
San Francisco	14.05%	0.00%	14.05%
Philadelphia	0.00%	14.00%	14.00%
New York City (1)	0.00%	13.38%	13.38%
Los Angeles	12.00%	1.10%	13.10%
Miami	0.00%	13.00%	13.00%
Minneapolis	0.00%	13.00%	13.00%
Orlando	0.00%	12.50%	12.50%
Boston	2.75%	9.70%	12.45%
Phoenix	7.27%	4.80%	12.07%
Des Moines	7.00%	5.00%	12.00%
Sacramento (2)	12.00%	0.00%	12.00%
San Diego	10.50%	0.00%	10.50%

(1) NY City collects $2 Tourism and $1.50 Javits Center Taxes

(2) Sacramento collets a $1.00 per room per day Convention Tax

Source: Telephone Survey

Compiled by: Hobbs, Ong & Associates, Inc., August 2006.

Background / Applicability

Counties and cities, per NRS 244.335 and NRS 268.0968, respectively, are empowered to set and collect license taxes on businesses, occupations, professions and industries that engage in business within their boundaries. A portion of the room license fees that have been imposed by county and city ordinances is dedicated to the Las Vegas Convention and Visitors Authority (LVCVA) in furtherance of the purposes for which the LVCVA was created. These purposes include the acquisition, construction and improvement of exposition and convention facilities, public parks and recreation facilities and other recreational facilities.

Three elements of the room tax are common to all jurisdictions in Clark County. These include a $0.01 levy in support of transportation improvements within designated resort corridors, a levy of $0.00625 in support of the Clark County School District capital improvement program, and a $0.00375 levy paid to the State of Nevada for the promotion of tourism.

The first levy noted above is an optional levy permitted by Nevada law. Passed into law by the 1991 Nevada Legislature, NRS 244.3351 allows counties to impose a room tax levy of 0.01 (1 percent) of gross receipts. This levy, which was approved by the voters, is levied throughout the County (including within the incorporated cities). The proceeds of the option tax must be used to pay the cost of "projects related to the construction and maintenance of sidewalks, streets, avenues, boulevards, highways, bridges, and other public rights of way used primarily for vehicular traffic, including, without limitation, overpass projects, street projects, and underpass projects." This statute recognizes the creation of "transportation districts" and requires the proceeds of the option tax earned within such a district be expended within the district. In Clark County, transportation districts have been defined which encompass the Las Vegas "Strip" resort corridor, the downtown Las Vegas area and the Laughlin resort area. Revenues from this room tax levy have been pledged by the County as security for bonds issued to fund transportation improvements within the resort corridors.

The second and third common elements are distributions of the 0.02 (2 percent) mandatory tax on revenues from rental of transient lodging imposed by NRS 244.3352. This statute also establishes the distribution of the proceeds of this tax. Effective July 1, 1999, the proceeds arising from a levy of $0.00375 (3/8's of one percent) are distributed to the State of Nevada for the promotion of tourism and the balance ($0.01625 or 1 and 5/8's percent) is paid to the Clark County School District for capital projects.

In addition to these common elements referenced above, the County and cities may also impose room license fees, which are generally dedicated to general government purposes. The tax is applied as a percentage of the gross receipts from the rental of transient lodging. A more complete description of the rate compositions for each of the entities is detailed below.

In unincorporated Clark County, the room tax rates are generally summarized as follows:

Room Tax Rates - Unincorporated Clark County

Room Tax Component	Within 35 Miles of LVCVA	Laughlin Resorts	Others
Room License Tax (LVCVA)	0.05000	0.05000	0.02000
Room License Fee (Entity)	0.01000	0.01000	0.01000
Master Transportation Plan	0.01000	0.01000	0.01000
School District	0.01625	0.01625	0.01625
State of Nevada (Tourism)	0.00375	0.00375	0.00375
Total	0.09000	0.09000	0.06000

The City of Las Vegas imposes a room tax increment for properties which are presumed to directly benefit from the Freemont Street Experience. A levy of 2.0 percent is added for properties with frontage to the Fremont Street Experience, and 1.0 percent is added for properties within one block of the Fremont Street Experience. For other properties within the City of Las Vegas (but beyond the one block radius of the Freemont Street Experience), the room tax rate is 9 percent, with different distributions to the City and the Las Vegas Convention and Visitors Authority. For properties with fewer than 75 rooms, the City retains 2 percent with 4 percent being distributed to the LVCVA. If the properties have more than 75 rooms, the City retains 1 percent and the LVCVA receives 5 percent. The City of Las Vegas room tax levies are summarized in the following table:

Room Tax Rates - City of Las Vegas

Room Tax Component	Frontage to Fremont Street Experience	One Block Radius of Freemont St. Experience	Others with Less than 75 Rooms	Others with More than 75 Rooms
Room License Tax (LVCVA)	0.05000	0.05000	0.04000	0.05000
Room License Fee (Entity)	0.01000	0.01000	0.02000	0.01000
Master Transportation Plan	0.01000	0.01000	0.01000	0.01000
School District	0.01625	0.01625	0.01625	0.01625
State of Nevada (Tourism)	0.00375	0.00375	0.00375	0.00375
Freemont Street Experience	0.02000	0.01000	0.00000	0.00000
Total	0.11000	0.10000	0.09000	0.09000

The City of Henderson has two different room rate categories that differentiate between resort and "other" properties. The City of Henderson includes a 2 percent increment in their tax rate for the Henderson Convention Center. They do not levy a room tax increment for general government. The distribution of rates for the City of Henderson appears in the table below.

Room Tax Rates - City of Henderson

Room Tax Component	Resort Properties	Other
Room License Tax (LVCVA)	0.05000	0.04000
Master Transportation Plan	0.01000	0.01000
School District	0.01625	0.01625
State of Nevada (Tourism)	0.00375	0.00375
Henderson Convention Center	0.02000	0.02000
Total	0.10000	0.09000

The City of Boulder City also has two different room tax rates. For properties with more than 100 rooms, the rate is 9 percent, of which 5 percent is distributed to the LVCVA and 1 percent is retained by the City. For properties with fewer than 100 rooms, the rate is 7 percent (of which 4 percent is distributed to the LVCVA). For properties with fewer than 100 rooms, there is no rate levied for the City. The cities of Mesquite and North Las Vegas each have a 9 percent room tax rate for properties within their boundaries. The table below sets out the room tax elements for the cities of Boulder City, Mesquite and North Las Vegas.

Room Tax Rates
Cities of Boulder City, Mesquite and North Las Vegas

	Boulder City			
Room Tax Component	More than 100 Rooms	Less than 100 Rooms	Mesquite	North Las Vegas
Room License Tax (LVCVA)	0.05000	0.04000	0.04000	0.05000
Master Transportation Plan	0.01000	0.00000	0.02000	0.01000
School District	0.01000	0.01000	0.01000	0.01000
State of Nevada (Tourism)	0.01625	0.01625	0.01625	0.01625
Henderson Convention Center	0.00375	0.00375	0.00375	0.00375
Total	0.09000	0.07000	0.09000	0.09000

Administrative Considerations

Both of the room tax levies associated with improvements to the Fremont Street business district and transportation improvements within the resort corridor (and other areas of the County) were established as a means of associating improvements specific to a defined area with a source of revenue also clearly related to a defined area. The use of a room tax to fund improvements to the hotel/casino business district in downtown Las Vegas has a clear nexus. Likewise, the use of a room tax to facilitate transportation within and around the resort corridors has a clear relationship.

It should be noted that NRS 244.3359 (Counties) and NRS 268.0968 (Cities) place limitations upon the imposition of new room taxes and upon the increase in the rate of existing room taxes. Essentially, these statutes dictate that a county or city shall not impose a new tax on the rental of transient lodging or increase the rate of an existing tax on the rental of transient lodging after March 25, 1991.

Bound Counsel, Swendseid and Stern indicate that the County is prohibited from increasing the room tax; but the Nevada Legislature may provide for an increase in the room tax. The Legislature could, without amending NRS 244.3359 (the prohibition on increasing the room tax), increase the room tax for purposes of the portion that is used for promotion of tourism or than goes to the school district. An increase in room tax requires a vote of the people for purposes of a transportation district.

Funding Potential

The growth in both the number of available rooms and the occupancy rate have led to significant annual increases in room tax revenues in recent years. Also contributing to this growth has been an increase in the average daily rate per room over the past several years. Presented below are some salient statistics regarding the supply, occupancy and revenues associated with the resort industry in Clark County.

Year	Total Rooms	Growth Rate	Occupancy Rate	Ave. Room Rate	LVCVA Room Tax Revenue (1)	1% County Option Rev.	Growth Rate
1995	90,046	4.6%	88.0%	$54.00	$69,492,052	$14,414,873	18.2%
1996	99,072	10.0%	90.4%	58.00	76,606,392	16,423,581	13.9%
1997	105,347	6.3%	86.4%	62.00	84,656,095	17,675,128	7.6%
1998	109,365	3.8%	85.8%	66.00	86,249,080	18,010,853	1.9%
1999	120,294	10.0%	88.0%	67.00	97,872,354	20,444,532	13.5%
2000	124,270	3.3%	89.1%	74.00	121,601,298	25,057,831	22.6%
2001	126,610	1.9%	84.7%	85.00	135,841,371	28,205,361	12.6%
2002	126,787	0.1%	84.0%	75.00	124,171,822	25,468,698	-9.7%
2003	130,482	2.9%	85.0%	81.00	130,749,469	26,208,732	2.9%
2004	131,503	0.8%	88.6%	86.00	153,119,152	31,758,006	21.2%
2005	133,186	1.3%	89.2%	100.00	156,131,031	36,627,509	15.3%

(1) Does not include room tax proceeds from the 0.625 percent room tax imposed by NRS 244.3352.
Source: LVCVA; Clark County Comprehensive Annual Financial Reports.

As shown in the preceding table, a 1.0 percent increment of a room tax, as represented by the 1.0 percent levy in support of County transportation needs, generated in excess of $36.6 million during FY 2004-05.

There were nearly 43,000 rooms added to the room inventory in the ten years since 1995, and it is expected that nearly 42,000 rooms will again be added through 2010, bringing the total room count to approximately 175,000 units. Most significantly, the LVCVA anticipates that nearly 20,000 rooms will be added in 2009 alone. If the occupancy rates and Average Daily rates continue their respective strong showing, the revenue generating capacity of the room tax is expected to continue to grow. However, both the occupancy rates and room rates are subject to future economic influences.

Financing and Credit Market Considerations

Revenue from the tax on the rental of transient lodging has been used by Clark County, the LVCVA, and the Clark County School District as additionally pledged revenue for general obligation bonds. The room tax has been used elsewhere as both a primary and secondary pledge for bonding purposes. The credit markets are accustomed to the use of room tax revenues as pledged security.

Political and Structural Considerations

As noted earlier, there are statutory limitations upon future increases in the room tax rate by counties and cities. This is in part reflective of the resort industry's concern about maintaining competitive pricing structures relative to other resort destinations. The resort industry would likely be expected to oppose increases in the room tax rates.

Sales Tax

Sales and excise taxes can take a variety of forms. In some jurisdictions, sales taxes apply to most items and services with a few exemptions (e.g., non-prepared food purchased at a grocery store). In other jurisdictions, exemptions from the tax on certain retail sales are more widely allowed. Other taxes are selectively assessed upon specific products, such as alcoholic beverages and tobacco.

Background/Applicability

In Nevada, sales taxes are statutorily applied for the support of the State and local schools and governments. Nevada sales tax is charged at the retail level on the sales of tangible personal property, unless exempted by the Statute. There are a variety of exemptions from sales tax in Nevada. Beyond limiting the tax to sales of tangible personal property, exemptions exist for utilities, prescription drugs, motor vehicle and domestic fuel, newspapers, containers, and various other items. A use tax, with a similar basis, is charged on property purchased outside of Nevada and brought into the State for use.

The current minimum sales tax rate is 6.50 percent, and is comprised of the following components:

♦ State Sales and Use Tax	2.00 %
♦ Local School Support Tax	2.25 %
♦ Supplemental City/County Relief Tax	1.75 %
♦ Basic City/County Relief Tax	0.50 %
♦ Subtotal	6.50 %

In addition to the mandatory components noted above, Nevada statutes permit county option taxes for specific purposes. The currently permitted options available for use in Clark County, with associated restrictions, are summarized as follows:

- 0.25 % Allowed in counties with population of 400,000 or more for purposes of flood control.
- 0.50 % Allowed in counties regardless of size, for public transportation and the construction of public roads.
- 0.25 % Allowed in counties experiencing "severe financial difficulty" as determined by the State Department of Taxation
- 0.25 % Allowed in counties whose population is less than 100,000 or more than 400,000 for infrastructure.
- 0.25 % Allowed by *Clark County Sales and Use Tax Act of 2005* effective 10/1/2005. Additional increment up to one-quarter of 1 percent on or after 10/1/2009 if the Legislature first approves the increased rate.

It should be noted that in addition to the options listed above, NRS 374A.010 does authorize a levy for extraordinary maintenance and improvement of school facilities, the statute further limits the levy, in combination with the levy for infrastructure, to a rate not to exceed 0.125 percent. Therefore, because Clark County currently levies the 0.25 percent for infrastructure, none can be levied for the extraordinary maintenance component.

The 1997 session of the Nevada Legislature enacted legislation which authorized the Board of County Commissioners in counties whose populations are greater than 400,000, and in which a water authority exists, to increase the sales tax 0.25 percent for water and wastewater infrastructure. Although not a requirement of the enabling NRS statutes, the Clark County Board of Commissioners sought approval of the additional tax through an advisory question placed before the voters in the general election of 1998. The voters approved the measure and the Clark County Board of County Commissioners approved the tax increase, which became effective April 1, 1999. In addition, the legislation mandates that the taxes imposed through this authority must cease no later than 1) the last day of the month in which the Department of Taxation determines that the total sum collected since the tax was first imposed, exclusive of any penalties and interest, exceeds $2.3 billion, or 2) June 30, 2025, whichever comes first. Further, the Board may not change a previously approved use of the proceeds of the tax to a use that is not authorized for the county pursuant to NRS 377B.160.

The enabling ordinances in Clark County provide that for the first two years, these sales tax revenues shall be paid to the Infrastructure Fund for the benefit of the Southern Nevada Water Authority (the "SNWA"). After that time, the revenues will be apportioned for distribution among qualified recipient public entities, cities or towns within the service area and outside the service area of the SNWA based upon the proportion of the assessed valuation of taxable property, excluding net proceeds of mines, bears to the total assessed valuation of taxable property in the county. Entities within the service area of the SNWA have entered into a memorandum of understanding for the distribution of the revenues amongst the members. Entities outside the service area of the SNWA can obtain their proportionate allocation of the distribution by submitting detailed plans for the improvement of water and/or wastewater systems for approval.

During the 2005 session of the Nevada Legislature, the Clark County Sales and Use Tax Act of 2005 (the "Act") was enacted. This Act authorized the Clark County Board of County Commissioners to enact an ordinance imposing a local sales and use tax to employ and equip additional police officers for the Boulder City Police Department, Henderson Police Department, Las Vegas Metropolitan Police Department, Mesquite Police Department and North Las Vegas Police Department.

The Act authorized, and the Board of County Commissioners imposed a one-quarter of 1 percent rate effective October 1, 2005. Up to an additional one-quarter of 1 percent is authorized to be imposed on or after October 1, 2009, if approved by the Legislature. The proceeds from the tax, including interest and other income earned thereon must be allocated among the police departments within the County in the same ratio that the population served by each department bears to the total population of the County. The proceeds of the tax may only be used for purposes established in the Act unless changed by the Legislature. Before submitting a request to change the use of the funds, the Board must submit an advisory question to the voters of the County whether the uses for the proceeds from the tax should be changed. The Board shall not submit such a request to the Legislature if a majority of the voters in the County disapprove the proposed change. The tax authorized by the Act will sunset September 30, 2005, unless extended by the Legislature.

Although Nevada law has permitted other option taxes, those not noted above apply to counties other than Clark County. Each of the foregoing option taxes requires approval of the electorate and local adoption of an ordinance.

The following table summarizes the various components of the Sales and Use Tax levied and collected in Clark County.

Clark County, Nevada
Sales and Use Tax

Description	Rate Allowed	Rate Imposed
Mandatory Base Components:		
State Sales and Use Tax	2.00	2.00
Local School Support Tax	2.25	2.25
Supplemental City/County Relief Tax	1.75	1.75
Basic City/County Relief Tax	0.50	0.50
Subtotal - Mandatory Base	6.50	6.50
County Option Components:		
Allowed in counties with population of 400,000 or more for purposes of flood control.	0.25	0.25
Allowed in counties regardless of size, for public transportation and the construction of public roads.	0.50	0.50
Allowed in counties experiencing "severe financial difficulty" as determined by the State Department of Taxation	0.25	0.00
Allowed in counties whose population is less than 100,000 or more than 400,000 for infrastructure.	0.25	0.25
Allowed by *Clark County Sales and Use Tax Act of 2005* effective 10/1/2005. Additional increment up to one-quarter of 1 percent on or after 10/1/2009 if the Legislature first approves the increased rate.	0.25	0.25
Subtotal - Optional Components	8.00	1.25
Base Rate		6.50
Total Sales and Use Tax		7.75

Including mandatory and option taxes, the current maximum combined sales tax rate permitted in Clark County under Nevada law is 8.00 percent. The rate currently levied in Clark County is 7.75 percent. No other such options are currently authorized within Clark County.

Some local option taxes were created in response to local advisory initiatives, while others were created as an outgrowth of demonstrated need. Some of the options provided for in statutes were approved by the electorate, while others were rejected. Because increments of sales tax are viewed as an attractive source of revenue for the support of larger scale infrastructure programs, coupled with the increasing demand for infrastructure in Southern Nevada, competition for future increments of this tax will likely increase.

Funding Potential

The following table demonstrates the revenue generating history of the ¼ percent sales and use tax levy for flood control.

County Option 1/4 Percent Sales & Use Tax (Flood Control)
Clark County, Nevada

Fiscal Year		Amount	% Change
2001	Actual	$55,857,206	--
2002	Actual	56,553,927	1.2%
2003	Actual	60,669,372	7.3%
2004	Actual	69,828,336	15.1%
2005	Actual	81,058,122	16.1%

Source: Clark County Comprehensive Annual Financial Reports

A new ¼ percent increment would produce roughly $90 million per annum, depending upon the timeframe of implementation.

Tax Increment

Tax increment financing is a commonly used property tax based technique for project financing. Under a tax increment approach, the assessed value of underlying real estate is frozen at a specific level. Property taxes levied on that value continue to flow to their traditional governmental recipients. As the property increases in value beyond the designated level, the additional property tax revenues resulting from this increase are captured for a designated project and diverted from the governmental agencies, which would otherwise have received the revenue. This approach is most commonly used in the context of urban redevelopment.

In the State of Nevada, Chapter 279 (Redevelopment Area) of the Nevada Revised Statues provides for the use of tax increment financing. Tax increment powers are also included in many city charters including the City of Las Vegas' charter. These statutes provide that the additional property tax moneys created by the value enhancement associated with the development activities can be segregated in a fund, and then can be used for the purposes permitted by those statutes. Chapter 278C (Tax Increment Areas), provides for the use of Tax Increment Districts in the financing of certain public projects.

<u>Background / Applicability</u>

Under the Tax Increment Law, a county or city is allowed to designate a Tax Increment Area to defray the cost of permissible projects. The projects allowed by law are described in NRS 278C.140. The permissible undertakings or projects included the following:

In the case of counties:

- a drainage and flood control project, as defined in NRS 244A.027;
- an overpass project, as defined in NRS 244A.037;
- a sewerage project, as defined in NRS 244A.0505
- a street project, as defined in NRS 244A.053;
- an underpass project, as defined in NRS 244A.055;
- a water project, as defined in NRS 244A.056.

In the case of cities:

- a drainage and flood control project, as defined in NRS 268.682;
- an overpass project, as defined in NRS 268.700;
- a sewerage project, as defined in NRS 268.714;
- a street project, as defined in NRS 268.722;
- an underpass project, as defined in NRS 268.726;
- a water project, as defined in NRS 268.728.

Current law permits the governing body of a county or city to designate a Tax Increment Area, comprising "any specially benefited zone within the municipality designated for the purpose of creating a special account for the payment of bonds or other securities issued to defray the cost of an undertaking…".

The use of Tax Increment Areas in Nevada has generally been limited to areas in need of redevelopment or mitigation of blight. The powers and authorities relating to Redevelopment Agencies are separately described in Chapter 279 of the Nevada Revised Statutes. The mechanics underlying a Tax Increment Area and Redevelopment Agency are generally similar. However, a discernible difference between the two relates to the procedures for creation. Certain properties are excluded from a Tax Increment Area including the following:

- Right-of-way property of a railroad company that is under the jurisdiction of the Surface Transportation Board, unless mutually agreed to by the governing body and the railroad company.
- Property included within a redevelopment area previously established pursuant to the laws of the state of Nevada
- Taxable property of a Tax Increment Area must not be included in any subsequently created tax interment area until at least 50 years after the effective date of creation of the first tax increment area in which the property is located.

Generally, to initiate the creation of a Tax Increment Area, the municipality must, by resolution, first direct the engineer to prepare preliminary plans and preliminary cost estimates for the undertaking, and the general boundaries of the area. Following the initial resolution, the governing body is required to provide notice (by mail, posting, and publication) to affected parties of the time and place when and where the governing body will consider the undertaking. Following the noticed hearing, the governing body may determine to proceed with the creation of the area and the undertaking.

The governing body of a county or city, which has established a Tax Increment Area, may issue bonds, notes and other forms of tax-exempt securities to defray the cost of any project. Bonds issued for these purposes would be secured by the net revenues derived from the project and the tax proceeds derived from the Tax Increment Area. The revenues produced by the property tax increment may be used only for debt service for the bonds issued for the undertaking. Any amount of taxes levied in excess of that which is required for the annual debt service for the undertaking sill be paid into the funds of the respective taxing agencies in the same proportion as their base amount was distributed.

Generally, tax increment areas and redevelopment areas are limited to a certain percentage of the city's or county's assessed valuation (generally 10 percent). A tax increment area must expire not more than 30 years after the date on which the ordinance which creates the area becomes effective.

Funding Potential

Legal and intergovernmental issues may make this a difficult funding source for the proposed Events Center project. The time necessary for tax increment growth to provide sufficient funds for any substantial building program may be an issue of concern.

Prior to reviewing the advantages and disadvantages of tax increment financing, a brief explanation of the mechanics underlying its use will be presented. For this example, we will assume that an area with a current assessed valuation of $5 million and an overlapping property tax rate of $2.60 per $100 of assessed valuation is being considered for establishment as a Tax Increment Area. The $2.60 property tax rate in this example would include components for County operations and debt ("O & D"), School District O & D, special district O & D, and the State levy.

If the area were established as a Tax Increment Area in the current year, the "base" valuation would be set a $5 million. In the subsequent year, if the assessed valuation were to rise to a level of $6 million, the value of the "increment" would be calculated as follows:

Current Assessed Valuation	$6,000,000
Less: Base Year Assessed Valuation	5,000,000
Valuation Increment	$1,000,000

This increment would then be multiplied by the overlapping property tax rate in effect for the year of the computation. In this example, then, the value of the tax increment would be:

Valuation Increment	$1,000,000
Divided by $100	10,000
Times Tax Rate	2.60
Tax Increment	$ 26,000

This amount would be credited to the account of the Tax Increment Area, with the balance of taxes derived from the base assessed valuation being apportioned to the overlapping entities. In areas where there is expected to be significant growth in assessed valuation, the value of the tax increment can be substantial.

An attractive feature of tax increment financing is that, unlike bonded indebtedness, the segregation of tax increment revenues does not result in an increase in property tax rates. In essence, the revenues are created by rerouting property tax revenues that would otherwise go to the entities that participate in the overlapping tax rate. The entities that comprise the overlapping tax rate would continue to receive property tax revenue on the base assessed valuation, proportionate to their respective stakes in the combined property tax rate. However, the full value of the overlapping rate applied to the assessed valuation in excess of the base would accrue to the Tax Increment Area. In Clark County, the entity with the largest stake in the overlapping tax rate is the School District at approximately 45 percent of the total combined rate.

Other overlapping entities that would have measurable opportunity cost as a consequence of a Tax Increment Area would include the County, the Library District, the State and, if applicable, an unincorporated town, a city, and other special districts. The entities affected would depend upon the boundaries of the Tax Increment Area. For a Tax Increment Area applied within an urban unincorporated town, the following chart summarizes the effect upon the overlapping entities. The percentage values in the chart represent the proportionate impact upon the overlapping entities of dollars rerouted to a Tax Increment Area.

Entity	Percent Impact
State of Nevada (*)	6.3%
Clark County (*)	22.8%
Clark County School District (*)	44.5%
Town/Fire District (*)	7.5%
Library District (*)	3.0%
Metro Supplement	9.6%
Other	6.3%
Total	**100.0%**

"Other" above, includes State authorized and mandated rates for indigent care, capital projects, court operating support, etc. The entities denoted with an asterisk (*), above, have a component of their tax rate dedicated to debt service. Since the future assessed valuation growth assumptions used by each of these entities for bonding purposes are extremely conservative, the portion of the impact related to debt service may be lessened. Consequently, the impacts shown in this table overstate the impacts to these entities from an operations standpoint. For example, of the amount of impact shown above for Clark County, approximately 2.6 percent of the 22.8 percent is related to debt. As a result, the impact upon operations would more closely approximate 20.2 percent.

Consideration could be given to designating fractional increments as opposed to full increments. The reasons for this are twofold. First, there is a clear recognition that the opportunity cost to the overlapping entities (i.e., County, School District, Library District, etc.) is significant at the full value of the increment. By only designating fractions of the increment (i.e., 25 percent, 50 percent, etc.), the opportunity cost can be greatly reduced.

Second, the amount of contributory funding that may be associated with tax increment financing is not known. Once all needs and funding sources are identified, a fraction of the increment that most closely matches the unmet need (if any) can be identified.

Tax increment financing can be a powerful tool for financing public projects. The revenue generating potential can be significant, particularly if the tax increment district were to include newly developing areas or other areas expecting to have significant development. The revenues arising from a tax increment district, while being somewhat slow to develop in the early years, can be readily pledged as security for bonded indebtedness. The appeal of this source of funding is that it reroutes existing tax dollars and does not result in a tax increase. Also, since the generation of revenues is closely tied to the increase in assessed valuation, there is an association between future revenue and future growth. Because this approach redirects existing tax dollars rather than increasing tax rates, there will be predictable discomfort on the part of the entities that will experience the foregone future revenue. However, since it has been suggested that only a fractional part of the revenue arising from the increment be considered, an attempt has been made to recognize and mitigate this concern.

A tax increment district can be "structured" to meet the desired revenue requirement of the Events Center project undertaking.

Financing and Credit Market Considerations

Credit analysts focus on issues of economic sensitivity, project area analysis, and future assessment growth. Generally, a typical tax increment district already generates sufficient revenues to cover future maximum annual debt service before the bonds are even sold. Thus, a newly created district would not have a significant bonding capacity. Designing a tax increment district for a Events Center project will, in all likelihood, require a more deliberate and targeted district configuration.

Political and Structural Considerations

Tax increment financing can be controversial because it has the effect of diverting tax revenue from other local government jurisdictions to a specific project. Accordingly, consent from the affected taxing jurisdictions is required and could be difficult to obtain for the project. However, consideration of fractional increments may partially offset this concern.

Summary

The intent of this analysis has been to provide the Task Force with a preliminary understanding of the potential need for public contributions to the proposed Events Center. As shown, several potential funding sources may be available to assist in the development of the proposed Events Center. As the entire scope of the proposed project has yet to be defined, it will be important to continue researching and evaluating potential funding sources as the project moves forward.